Exhibit Number	Exhibit Description
10.11.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.12*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.13.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.13.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2017 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2017).
10.13.3*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2017 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.2.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2017).
10.13.4*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2017 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.2.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2017).
10.13.5*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2013 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 7, 2013).
10.13.6*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2014 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 6, 2014).
10.13.7*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.14.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.14.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.14.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.14.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.14.5*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.14.6*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.14.7*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (for CEO, CFO and COO) (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.14.8*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.14.9*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.14.10*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.14.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.14.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.14.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.14.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.14.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-2 (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.14.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.14.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-2 (incorporated by reference to Exhibit 10.14 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.14.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.14.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.14.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form A (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).

Exhibit Number	Exhibit Description
10.14.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form A (for CEO, CFO and COO) (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.14.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.14.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (for CEO, CFO and COO) (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.14.24*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.14.25*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (for CEO, CFO and COO) (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.14.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.14.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO) (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.14.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.14.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO) (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.14.30*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.14.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.15*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.16*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.17.1#*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.17.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (filed herewith).
10.17.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (filed herewith).
10.18.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.18.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.19	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (filed herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit Number	Exhibit Description
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Stock Purchase Agreement filed as Exhibit 2.1.1, the Membership Interest Purchase Agreement filed as Exhibit 2.2, the Secured Seller Note Agreement filed as Exhibit 10.18.1 and the Amendment to Secured Seller Note Agreement noted filed as Exhibit 10.18.2 to this Annual Report on Form 10-K have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 14th day of February, 2024.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 14th day of February, 2024, by the following persons in the capacities indicated.

/s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer and Director)

/s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ MELISSA K. WIKLE

Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

/s/ LAURIE P. HAVANEC

Laurie P. Havanec
(Director)

/s/ PATRICIA L. KAMPLING

Patricia L. Kampling
(Director)

/s/ MICHAEL L. MARBERRY

Michael L. Marberry
(Director)

/s/ JEFFREY N. EDWARDS

Jeffrey N. Edwards
(Director)

/s/ MARTHA CLARK GOSS

Martha Clark Goss
(Director)

/s/ KIMBERLY J. HARRIS

Kimberly J. Harris
(Director)

/s/ JULIA L. JOHNSON

Julia L. Johnson
(Director)

/s/ KARL F. KURZ

Karl F. Kurz
(Board Chair)

Exhibit 4.24

DESCRIPTION OF AMERICAN WATER WORKS COMPANY, INC.'S EQUITY SECURITIES

The following description of the common stock, par value $0.01 per share (the "Common Stock"), of American Water Works Company, Inc., a Delaware corporation (the "Company"), is not intended to be complete. For more information regarding the Common Stock, please refer to the Company's Restated Certificate of Incorporation (the "Certificate of Incorporation"), and the Company's Amended and Restated Bylaws (the "Bylaws"), which have been included as Exhibit 3.1 and Exhibit 3.2, respectively, to the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The following descriptions are based on the Certificate of Incorporation and Bylaws in effect as of February 14, 2024. The terms and provisions of the Certificate of Incorporation and Bylaws are hereby incorporated by reference herein. The terms of these securities also may be affected by the General Corporation Law of the State of Delaware (the "DGCL").

General

The Company's authorized capital stock consists of 500,000,000 shares of Common Stock and 50,000,000 shares of preferred stock. As of February 6, 2024, there were 194,755,320 shares of Common Stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

Other than with respect to director elections, except as otherwise required by law, all matters to be voted on by the Company's shareholders must be approved by a majority of the shares present in person or proxy at such meeting and entitled to vote on the subject matter. With respect to uncontested director elections, the Company's bylaws require that in order to be elected, a director nominee must receive a majority of the votes cast (for this purpose, a majority of the votes cast means that the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee). For contested director elections where the number of nominees exceeds the number of directors to be elected, the Company's bylaws require that the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Dividends

Holders of Common Stock will share equally in any dividend declared by the Company's board of directors (the "Board"), subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, holders of the Company's common stock would be entitled, after payment of the liquidation preference to all holders of any outstanding preferred stock, to share ratably in the Company's assets that are legally available for distribution to shareholders after payment of liabilities. The Company must pay the applicable distribution to any holders of its preferred stock before it may pay distributions to the holders of its common stock.

Other Rights

The Company's shareholders have no preemptive or other rights to subscribe for additional shares.

Preferred Stock

The Board may authorize the issuance of preferred stock from time to time in one or more series, without shareholder approval. Subject to the limits imposed by the DGCL, the Board is authorized to fix for any series of preferred stock the number of shares of such series and the voting powers (if any), designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series. The Board is also authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by the Company's shareholders.

The Board may authorize the issuance of preferred stock with voting or conversion rights that affect adversely the voting power or other rights of holders of Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying,

deferring or preventing a change in control, causing the market price of shares of the Company's Common Stock to decline, or impairing the voting and other rights of the holders of the Company's Common Stock.

Certain Anti-Takeover Provisions of the Company's Certificate of Incorporation and Bylaws, and the DGCL

The following provisions of the Company's Certificate of Incorporation and Bylaws could deter, delay or prevent a third party from acquiring the Company, even if doing so would benefit the Company's shareholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for the Board to authorize the issuance of preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire the Company. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of the Company.

Requirements for Advance Notification of Shareholder Meetings, Nominations and Proposals

The Company's Bylaws provide that special meetings of shareholders may be called only upon the request of the majority of the members of the Board, upon request of the Company's Board Chair, or by the Company's Secretary upon request of shareholders holding at least 15% of the Company's outstanding Common Stock. The Company's Bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

The Company's Bylaws establish advance notice procedures with respect to shareholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Company's Board or a committee of the Board. A shareholder who wishes to bring a matter before a meeting or submit candidates for nomination as directors must comply with the Company's advance notice requirements and provide the Company with certain information, and, if applicable under the Bylaws, provide to the Company certain agreements and undertakings. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the members of the Company's Board then in office, even though less than a quorum, or by shareholders. These provisions may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of the Company.

Shareholder Action by Written Consent

As permitted by Section 228 of the DGCL, the Company's Certificate of Incorporation states that any action required or permitted to be taken by the Company's shareholders must be effected at a duly called annual or special meeting of the Company's shareholders and may not be effected by consent in writing by such shareholders.

Approval of Acquisition of Control by Public Utility Commission

A significant number of the Company's regulated subsidiaries are subject to economic regulation by state public utility commissions. Some of these states have enacted laws that require regulatory approval for the acquisition of "control" of any regulated utility. In those states, obtaining "control" of the parent or any other company that controls a regulated utility also requires prior regulatory approval. The threshold for a change in control is a fact-specific inquiry that varies by state. For example, in some states, a presumption of control will arise when an acquiring party acquires more than 9.9% of the voting securities of the regulated utility or the controlling entity. In addition to ownership, other states may analyze the degree of influence or control an acquiror may exert over the Company. Any person acquiring the Company's Common Stock in an offering or in any other purchase of the Company's Common Stock in an amount sufficient to trigger a change in control under state law would need the prior approval of the applicable state public utility commission.

Certain Other Provisions of the Certificate of Incorporation and Bylaws and the DGCL

Board of Directors

The Company's Certificate of Incorporation provides that the number of directors is fixed in the manner provided in the Company's Bylaws. The Company's Bylaws provide that the number of directors will be fixed from time to time by the Board.

Business Combinations under the DGCL

The Company is subject to Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the shareholder became an "interested stockholder," subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the shareholder becoming an "interested stockholder." "Business combinations" include mergers, asset sales and other transactions resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors.

Limitations of Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties. The Company's Certificate of Incorporation includes a provision that eliminates the personal liability of directors (but not officers) for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

- for breach of the duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (relating to unlawful dividends or stock repurchases); or
- for transactions from which the director derived an improper personal benefit.

The Company's Certificate of Incorporation and Bylaws provide that the Company will indemnify its directors and officers to the fullest extent permitted by law. The Company's Bylaws also expressly authorize the Company to carry directors' and officers' insurance providing indemnification for the Company's directors, officers and certain employees and agents for certain liabilities.

The limitation of liability and indemnification provisions in the Company's Certificate of Incorporation and Bylaws may discourage shareholders from bringing a lawsuit against the Company's directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against the Company's directors and officers, even though such an action, if successful, might otherwise benefit the Company and its shareholders. In addition, an investment in the Company's Common Stock may be adversely affected to the extent the Company pays the costs of settlement and damage awards against directors and officers in accordance with these indemnification provisions.

Proxy Access

The Company's Bylaws permit an eligible shareholder or group of shareholders to include up to a specified number of director nominees in the Company's proxy materials for an annual meeting of shareholders. To qualify, the shareholders (or group of up to 20 shareholders) must have continuously owned for at least three years 3% or more of the Company's outstanding common stock. The maximum number of shareholder nominees permitted under this proxy access provision is the greater of (i) two or (ii) 20% of the total number of directors on the Company's board of directors as of the last day on which a proxy access notice may be submitted, rounded down to the nearest whole number.

Transfer Agent and Registrar

Equiniti Trust Company, LLC serves as the registrar and transfer agent for the Company's Common Stock.

New York Stock Exchange Symbol

The Company's Common Stock is listed on the New York Stock Exchange under the trading symbol "AWK."

AMENDMENT 2023-1
TO THE
PENSION PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

Effective as of 11:59:59 pm Eastern Time on December 31, 2023, the Pension Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries ("Plan") is hereby amended as follows to effectuate the merger of the Shorelands Water Company Co., Inc. Pension Plan (the "Shorelands Pension Plan") into the Plan:

1. Article I of the Plan ("Purpose") is amended to revise the sixth paragraph, which begins "The Plan is now amended and restated to…," in its entirety to read as follows:

"The Plan was previously amended and restated to (1) incorporate prior amendments; (2) to reflect the 12/31/2022 Spinoff; and (3) to make certain clarifying changes."

2. Article I of the Plan ("Purpose") is amended to add a new paragraph immediately before the final paragraph to read as follows:

"Effective as of 11:59:59 pm Eastern Time on December 31, 2023 ("Effective Date"), the Plan was amended to merge the Shorelands Water Company Co., Inc. Pension Plan (the 'Shorelands Pension Plan') into the Plan. In connection with the merger, the Shorelands Pension Plan, as amended and restated effective January 1, 2018, is hereby appended to the Plan. Only those provisions of the Shorelands Pension Plan that relate to eligibility for, and calculation of, benefits under, the Shorelands Pension Plan shall apply on and after the Effective Date including Section 5.13 limiting amounts payable at early retirement. Any other provisions, including but not limited to, those provisions described in Sections 5.7(e)(1) (but only with respect to a Participant's required beginning date age), 5.8(c) (but only with respect what would have been a deceased Participant's required beginning date age), 5.10, 5.11 and 5.15, as well as Article II, Article IV and Articles VI through XIII of the Shorelands Pension Plan shall not apply on and after the Effective Date, and the corresponding provision in the Plan shall apply instead."

3. Section 2.1(b) of the Plan ("Actuarial Equivalent") is amended in its entirety to read as follows:

"(b) 'Actuarial Equivalent' means a benefit of equivalent value (A) computed on the basis set out in Tables 2 through 4(a), appended hereto, (B) derived based on interest rates and mortality tables set forth in Table 5 or (C) in any instance in which neither (A) nor (B) applies, based on an assumed interest rate of 8% and using the 1983 Group Annuity Mortality Table (set-back 1 year for Participants and set back 5 years for Contingent Annuitants). For purposes of determining Actuarial Equivalent optional forms of payment for Shorelands Pension Plan participants other than for determining forms subject to requirements of section 417(e)(3) of the Code, the actuarial equivalence basis will be based on an assumed interest rate of 8% and the UP 1984 mortality table. For the purpose of determining lump sum present values, the calculation shall be made using the 'applicable mortality table' under section 417(e)(3)(B) of the Code and shall be based on the 'applicable interest rate' under section 417(e)(3)(C) of the Code for the third calendar

month preceding the year during which the Annuity Starting Date occurs (or as otherwise specified in the Plan for calendar years before January 1, 2023); provided, however, that, to the extent that any qualified plan that is merged into or consolidated with the Plan uses a different time for determining the applicable interest rate described in section 417(e)(3) of the Code, to the extent necessary to satisfy the requirements of section 411(d)(6) of the Code and the applicable regulations thereunder, such different time shall be used for the one-year period after the date of merger or consolidation if its use would produce a larger lump sum value."

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Amendment has been executed on the date set forth below.

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ Martin Falkenberg
Martin Falkenberg
SVP, Deputy CHRO
As Member of the Benefits Administration Committee

Date: 12/20/2023

AMENDMENT 2023-2
TO THE
PENSION PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

WHEREAS, American Water Works Company, Inc. (the "Company") sponsors the Pension Plan For Employees of American Water Works Company, Inc. And Its Designated Subsidiaries (the "Plan") and its corresponding trust for the benefit of its eligible employees; and

WHEREAS, Section 16.1 of the Plan authorizes the Benefits Administration Committee of American Water Works Company, Inc. and Its Designated Beneficiaries (the "Committee") to amend the Plan for amendments that do not have a material cost; and

WHEREAS, the Committee desires to amend the Plan, to change the age for the required beginning date from age 72 to age 73, effective as of January 1, 2023; and

WHEREAS, this "Amendment" shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

NOW THEREFORE, BE IT RESOLVED, that by virtue of the authority reserved to the Committee under Section 16.1 of the Plan, the Plan is hereby amended as follows:

1. Effective as of January 1, 2023, Section 6.6(a)(ii)(A) of the Plan (Death of Participant Before Distributions Begin) is amended to read as follows:

> "(A) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have reached his Required Beginning Date, as such term is defined under Section 6.6(e)(iv), if later."

2. Effective as of January 1, 2023, Section 6.6(e)(iv) of the Plan (Required Beginning Date) is amended to read as follows:

> "(iv) Required Beginning Date. April 1 of the calendar year following the year in which a Participant reaches:
>
> (A) age 70½ for distributions required to be made prior to January 1, 2020,
>
> (B) age 72 for distributions required to be made after December 31, 2019 and prior to January 1, 2023 with respect to a Participant who attains age 70½ after December 31, 2019),
>
> (C) age 73 for distributions required to be made after December 31, 2022 with respect to a Participant who attains age 72 after December 31, 2022.

The monthly pension of a Participant whose Required Beginning Date is April 1 of the calendar year in which they incur a separation from service shall include an Actuarial Equivalent adjustment to reflect the commencement of payments after the Participant has attained age 70½. The Actuarial Equivalent adjustment described in the preceding sentence for any year shall reduce (but not below zero) any increase in the Participant's Accrued Benefit for the year attributable to additional Years of Service for benefit accrual and Final Average Earnings."

(Signature Page Follows)

IN WITNESS WHEREOF, this Amendment has been executed this 29 day of December, 2023.

BENEFITS ADMINISTRATION COMMITTEE OF
AMERICAN WATER WORKS COMPANY,
INC. AND ITS DESIGNATED SUBSIDIARIES

By: /s/ Martin Falkenberg

Title: SVP HR

Exhibit 21.1

American Water Works Company, Inc.'s Subsidiaries

As of February 14, 2024

Entity Name	Entity Type	Jurisdiction of Organization
American Industrial Water LLC	Limited Liability Company	Ohio
American Lake Water Company	Corporation	Illinois
American Water (USA), LLC	Limited Liability Company	Delaware
American Water Canada Corp.	Corporation	Ontario
American Water Capital Corp.	Corporation	Delaware
American Water Enterprises Holding, LLC	Limited Liability Company	Delaware
American Water Enterprises, LLC	Limited Liability Company	Delaware
American Water Defense Services, LLC	Limited Liability Company	Delaware
American Water Federal Services, LLC	Limited Liability Company	Delaware
American Water Military Services, LLC	Limited Liability Company	Delaware
American Water Operations and Maintenance, LLC	Limited Liability Company	Texas
American Water Real Property Holdings LLC	Limited Liability Company	Delaware
American Water Services CDM, Inc.	Corporation	Washington
American Water Works Service Company, Inc.	Corporation	Delaware
AUI Acquisition Company, LLC	Limited Liability Company	Pennsylvania
AWC Acquisition Company, LLC	Limited Liability Company	Pennsylvania
AW Insurance LLC	Series Limited Liability Company	Delaware
AWIP Holdings LLC	Limited Liability Company	Delaware
AW Technologies, LLC	Limited Liability Company	Delaware
Bluefield Valley Water Works Company	Corporation	Virginia
California-American Water Company	Corporation	California
Edison Water Company	Corporation	New Jersey
Environmental Management, LLC	Limited Liability Company	Missouri
E'town Properties, Inc.	Corporation	Delaware
E'town Services L.L.C.	Limited Liability Company	New Jersey
Georgia-American Water Company LLC	Limited Liability Company	Delaware
Hawaii-American Water Company	Corporation	Nevada
Illinois-American Water Company	Corporation	Illinois
Indiana-American Water Company, Inc.	Corporation	Indiana
Iowa-American Water Company	Corporation	Delaware
Kentucky-American Water Company	Corporation	Kentucky
Laurel Oak Properties Corporation	Corporation	Delaware
Liberty Water Company	Corporation	New Jersey
Maryland-American Water Company	Corporation	Maryland
Missouri-American Water Company	Corporation	Missouri
New Jersey-American Water Company, Inc.	Corporation	New Jersey
One Water Street LLC	Limited Liability Company	New Jersey
Pennsylvania-American Water Company	Corporation	Pennsylvania
Tennessee-American Water Company	Corporation	Tennessee
TWH LLC	Limited Liability Company	Delaware
TWNA, Inc.	Corporation	Delaware
Virginia-American Water Company	Corporation	Virginia
West Virginia-American Water Company	Corporation	West Virginia

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.850% Senior Notes due 2024
3.400% Senior Notes due 2025
3.000% Senior Notes due 2026
2.950% Senior Notes due 2027
3.750% Senior Notes due 2028
3.450% Senior Notes due 2029
2.800% Senior Notes due 2030
2.300% Senior Notes due 2031
4.450% Senior Notes due 2032
6.593% Senior Notes due 2037
4.300% Senior Notes due 2042
4.300% Senior Notes due 2045
4.000% Senior Notes due 2046
3.750% Senior Notes due 2047
4.200% Senior Notes due 2048
4.150% Senior Notes due 2049
3.450% Senior Notes due 2050
3.250% Senior Notes due 2051

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-263068 and 333-253484) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 14, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 14, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, M. Susan Hardwick, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2024

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, John C. Griffith, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, M. Susan Hardwick, President and Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)
February 14, 2024

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John C. Griffith, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 14, 2024

Exhibit 97.1

Incentive-Based Compensation Recovery Policy

Applicability: American Water Works Company, Inc. ("Parent Company"), and its controlled subsidiaries (together, "American Water" or the "Company")

Effective Date: 12/01/2023

ELT Sponsor: Executive Vice President, Chief Human Resources Officer

Document Authors: Vice President, Chief SEC Counsel and Secretary, and Vice President, Total Rewards

I. PURPOSE

This Incentive-Based Compensation Recovery Policy (this "Policy") has been adopted to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10D-1 promulgated thereunder ("Rule 10D-1"), and Paragraph 303A.14 of the Listing Standards Manual of the New York Stock Exchange ("Paragraph 303A.14"), which require the recovery of certain Incentive-Based Compensation in the case of an accounting Restatement resulting from a material error in American Water's consolidated financial statements. This Policy amends and supersedes in its entirety the Company's "Clawback Policy" governing the recovery of incentive compensation, as adopted by the Board of Directors of the Company (the "Board") on June 18, 2010 and shall be effective while the Company's common stock is listed on a national securities exchange.

Terms used in this Policy and not otherwise defined shall have the meanings given to them in Part IX below.

II. POLICY STATEMENT; COVERED EXECUTIVES

Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires all public companies listed on national securities exchanges to adopt and maintain a policy to recover incentive-based compensation erroneously paid as a result of material noncompliance with accounting rules, as more specifically provided by rules promulgated by the SEC, including Rule 10D-1.

Rule 10D-1(b)(1)(i) requires the Policy to cover persons who serve or served as an executive officer of the Company at any time during the performance period for Incentive-Based Compensation. For avoidance of doubt, and to provide clarity and consistency between the terminology used in Rule 10D-1(d) and the Company's usage of similar terminology, an "executive officer" as defined under this Policy shall be equivalent to an "officer" as defined under Section 16a-1(f) of the Exchange Act (a person also referred to as a "Section 16 officer"), which designation is currently utilized by the Board. All such persons described in this Part II shall collectively be referred to as "Covered Executives."

Subsequent changes in a Covered Executive's employment status, including retirement or termination of employment, do not affect the Company's rights to recover Incentive-Based Compensation pursuant to this Policy. Notwithstanding the foregoing, Incentive-Based Compensation shall not be recovered under this Policy to the extent received by any person (i) before the date the person was determined by the Board to be a Section 16 officer of the Company; or (ii) who was not, at any time during the performance period for the Incentive-Based Compensation, a Section 16 officer of the Company.

III. RECOVERY OF INCENTIVE-BASED COMPENSATION

Recovery Based Upon a Restatement

In the event the Company is required to prepare a Restatement, the Company shall, as promptly as reasonably possible, recover any Incentive-Based Compensation erroneously received by a Covered Executive during the Recovery Period. The amount of erroneously received Incentive-Based Compensation will be the excess of the Incentive-Based Compensation received by the Covered Executive (whether in cash or shares) based on the erroneous data in the original financial statements over the Incentive-Based Compensation (whether in cash or in shares) that would have been received by the Covered Executive had it been based on the restated results, without respect to any tax liabilities incurred or paid by the Covered Executive.

For incentive-based compensation based on total shareholder return or Company stock price, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in a Restatement, the amount shall be based on the Company's reasonable estimate of the effect of the Restatement on the applicable measure and the Company shall maintain documentation of the determination of that reasonable estimate and provide it to the Exchange.

Recovery Based Upon Misconduct
In the event that a Covered Executive commits an act of fraud, embezzlement, theft or other ethical misconduct (as determined by the Board in its sole discretion), and a Restatement by the Company is not required, the Company may seek to recover from such Covered Executive (i) any Incentive-Based Compensation received by such Covered Executive, and/or (ii) any other Company compensation received by such Covered Executive, which compensation is based upon a performance goal other than a financial reporting measure and received by the Covered Executive during either (x) the Recovery Period, or (y) another period of time following the date that the act or acts of misconduct occurred, all as determined by the Board.

Methods of Recovery
The Board shall determine, in its sole discretion, the method of recovering any Incentive-Based Compensation pursuant to this Policy. No recovery shall be required if (i) the Board determines that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, which determination must be made only after a reasonable and documented attempt by the Company to recover the Incentive-Based Compensation (with documentation of such reasonable attempt to recover to be provided to the Exchange); or (ii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to Company employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

Other Actions
In addition to recovery of compensation as provided for in this Part III, the Board may take any and all other actions as it deems necessary, appropriate and in the Company's best interest, including without limitation termination of a Covered Executive's employment and initiating legal action against the Covered Executive.

IV. INDEMNIFICATION NOT PERMITTED

The Company shall not indemnify any current or former Covered Executive against the loss of erroneously awarded compensation, and shall not pay, or reimburse any Covered Executives for, premiums incurred or paid for any insurance policy to fund such Covered Executive's potential recovery obligations.

V. REPORTING, DISCLOSURE AND MONITORING

The Company shall make all required disclosures and filings with the SEC with respect to this Policy in accordance with the requirements of the Federal securities laws.

VI. INTERPRETATION OF THIS POLICY

Any issue requiring an interpretation of this Policy must be discussed with Parent Company's General Counsel, who will make a determination after consultation with the Chief Executive Officer, the Chief Financial Officer, the Chief Human Resources Officer, and the Chief SEC Counsel.

It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and Rule 10D-1 (or any successor statute or rule) and any other applicable rules or listing standards adopted by the SEC or the Exchange.

VII. AMENDMENT AND WAIVER

This Policy may only be amended with the approval of the Board upon the recommendation of the Executive Development and Compensation Committee of the Board. The Board may amend this Policy from time to time as it deems necessary to reflect changes in applicable regulations adopted by the SEC and/or listing standards adopted by the Exchange.

Compliance with this Policy cannot be waived.

VIII. NON-COMPLIANCE

Any Covered Executive who violates or circumvents this Policy may be subject to disciplinary action, up to and including termination of employment, in addition to other potential consequences resulting from their conduct that was a direct cause of, or resulted in, a recovery of compensation hereunder.

IX. DEFINITIONS

Terms or words used in this Policy and not otherwise defined shall have the meanings set forth below.

Exchange – the New York Stock Exchange or such other national securities exchange upon which the Company's securities may be listed or traded.

Financial reporting measure – A financial reporting measure is a measure that is (i) determined and presented in accordance with the accounting principles used in preparing American Water's financial statements, or (ii) derived wholly or in part from such measures. For purposes of this Policy, the term "financial reporting measure" includes American Water's stock price and total shareholder return, whether expressed as an absolute or relative metric. A financial reporting measure need not be presented in the Company's financial statements or included in an SEC filing. An accounting restatement shall not be a Restatement under this Policy if it involves the financial statements of an issuer (other than the Company) included as a member of a peer group used to determine Incentive-Based Compensation based on a relative total shareholder return metric.

Incentive-Based Compensation – For purposes of this Policy, the term "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.

For the avoidance of doubt, Incentive-Based Compensation does not include (i) annual base salary, (ii) "sign-on" bonuses or other compensation granted solely due to the commencement of employment with the Company, (iii) compensation based on completion of a specified period of employment or service, or (iv) compensation awarded based on subjective, non-financial, strategic or operational measures that are not financial reporting measures.

Received – For purposes of this Policy, Incentive-Based Compensation is deemed to be "received" in the fiscal period during which the financial reporting measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant may not occur until after the end of that fiscal period. Incentive-Based Compensation in the form of an equity award that vests solely upon the basis of a financial reporting measure performance condition will be deemed to be "received" in the fiscal period in which it vests.

For the avoidance of doubt, (i) with respect to the Company's Annual Performance Plan (APP) awards, Incentive-Based Compensation would be deemed to be received in the plan year for that APP award; and (ii) with respect to performance-based Long-Term Performance Plan (LTPP) awards issued on a three-year performance period, Incentive-Based Compensation would be deemed to be received with respect to the last fiscal year of the LTPP award's performance period.

Recovery Period – shall mean the three completed fiscal years of the Company that occur on or after October 2, 2023, the effective date of the adoption of Paragraph 303A.14, and immediately preceding the date on which the Company is required to prepare a Restatement, which date is the earlier of (i) the date the Board, or a committee of the Board, such as the Audit, Finance and Risk Committee of the Board (or authorized officer(s) of the Company if Board or such committee action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) a date that a court, regulator or other legally-authorized body directs the Company to prepare a Restatement. In addition to these last three completed fiscal years, the Recovery Period shall apply to any transition period of less than nine months that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years,

Restatement – an accounting restatement of the Company's financial statements due to material noncompliance with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements (i) that is material to the previously issued financial statements, or (ii) that would result in a material misstatement if the error were corrected in the current period only or left uncorrected in the current period.

SEC – the U.S. Securities and Exchange Commission, or any successor agency.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 2, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of General Rate Case with the Public Utilities Commission of the State of Hawaii (the "HPUC") by Hawaii-American Water Company ("Hawaii American Water")

On August 2, 2024, Hawaii American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed with the HPUC a request to review its wastewater rates. The request seeks annualized incremental revenue of approximately $2.5 million, and is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and a long-term debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million of incremental capital investments completed and planned by Hawaii American Water through 2025. Hawaii American Water anticipates that the general rate case proceeding will be completed by mid-2025.

A copy of the press release issued by Hawaii American Water on August 5, 2024 to announce the filing has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the HPUC of Hawaii American Water's request for new wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the HPUC, related to this request; (3) the timing of any implementation of new rates by Hawaii American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Hawaii American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Hawaii American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Hawaii American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Hawaii American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated August 5, 2024, issued by Hawaii American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 5, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

HAWAII AMERICAN WATER

Hawaii American Water Files Rate Request Driven by $41 Million in Wastewater System Investments

HONOLULU, HI (August 5, 2024) – On August 2, Hawaii American Water filed a rate adjustment request with the Hawaii Public Utilities Commission (HPUC) for its Hawaii Kai, Mauna Lani, and Waimea wastewater service customers reflecting $41 million in local wastewater infrastructure replacement and upgrades in all three districts. The request reinforces the company's commitment to replace aging infrastructure, provide safe and reliable service, and comply with environmental regulations.

"We carefully plan investments in our wastewater system to help protect natural resources and the public health and safety of the communities we serve in Honolulu and Hawaii Counties," said Kevin Tilden, President of California American Water and Hawaii American Water. "Our approach for long-term, efficient, and consistent investment in our wastewater operations as we manage costs helps us deliver high-quality, affordable and reliable service to our customers."

If approved as filed, the requested funds will support infrastructure improvements for treatment plants, collection systems, and pump stations. Examples of these projects include:

- Mauna Lani Effluent Well Rehabilitation Project
- Waimea Wastewater Treatment Plant Clarifier Improvement Project
- Hawaii Kai Pump Station Improvement Project

If approved, the typical single-family customer on Oahu will see a monthly rate increase of approximately $9. On Hawaii, the typical single-family customer will see a rate increase of approximately $30 to $35 per month. The last rate adjustments for the systems on the island of Hawaii were September 2003 for Mauna Lani operations and January 2011 for Waimea operations. The company last filed a rate case for the Hawaii Kai system, on the island of Oahu, in 2021 with rates effective July 2022. The current application will fund needed infrastructure improvements and will take effect in the summer of 2025, pending approval by the HPUC.

The proposed rates in the rate application are to be reviewed by the HPUC. This process includes multiple opportunities for customer involvement including public hearings and can take up to nine months or more. Customers will be notified of the public hearings and the company's proposed tariffs and other additional information about the filing will be included on the company's website, HawaiiAmWater.com.

The company anticipates that any rate changes proposed through this filing will not become effective until mid-2025, after a final rate order is issued by the HPUC.

Rates will remain unchanged until this request undergoes extensive scrutiny by the Division of Consumer Advocacy and approval by the HPUC.

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Press Release

HAWAII AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Hawaii American Water
Hawaii American Water, a subsidiary of American Water, provides high-quality wastewater services to approximately 30,000 people.

AWK-IR

Media Contact
Nichole Baxter
Senior Manager, External Affairs
California and Hawaii American Water
Nichole.Baxter@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 12, 2024

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Stipulation and Settlement of New Jersey-American Water Company, Inc. ("New Jersey American Water") General Rate Case

On August 12, 2024, New Jersey American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), entered into a stipulation and settlement (the "Stipulation") with the staff of the New Jersey Board of Public Utilities (the "NJBPU") and the New Jersey Division of Rate Counsel, with respect to a general rate case filed by New Jersey American Water on January 19, 2024 seeking approximately $161.7 million of increased annualized revenues. The parties to the Stipulation have agreed to a $79.5 million annualized increase in New Jersey American Water's water and wastewater revenues, which is based on (i) an authorized return on equity ("ROE") of 9.6%, (ii) an authorized rate base of $5.05 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%, compared to an authorized ROE of 9.6%, authorized rate base of $4.15 billion, a common equity ratio of 54.56% and a long-term debt ratio of 45.44%, all as approved in New Jersey American Water's last general rate case in 2022. New Jersey American Water will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other post-employment benefits (OPEB) expense and those amounts included in base rates.

The Stipulation was posted on the NJBPU's website on August 21, 2024. The Administrative Law Judge at the Office of Administrative Law issued an Initial Decision adopting the Stipulation without modification on August 15, 2024. The Stipulation is anticipated to be presented to the NJBPU for approval at its September 4, 2024 public agenda meeting. If approved as stipulated, new rates shall be effective as of September 15, 2024.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the components of the general rate case reflected in any final order of the NJBPU; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or New Jersey American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or New Jersey American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or New Jersey American Water's business, 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 21, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 28, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Commencement of Process to Terminate Acquisition of Towamencin Township's Wastewater System

On August 28, 2024, Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"), issued a press release announcing that Pennsylvania American Water and Towamencin Township (the "Township") will begin the process to terminate that certain Asset Purchase Agreement, dated June 14, 2022, as amended on March 23, 2023 (the "Asset Purchase Agreement"), by and among Pennsylvania American Water, the Towamencin Municipal Authority (the "Authority") and the Township. As previously reported, effective March 24, 2023, Pennsylvania American Water acquired by assignment all of the rights, and assumed all of the obligations, of NextEra Water Pennsylvania, LLC ("NEWPA"), an indirect, wholly owned subsidiary of NextEra Energy, Inc., under the Asset Purchase Agreement, including NEWPA's agreement to acquire substantially all of the assets related to the Township's wastewater system. Pennsylvania American Water does not anticipate that it will incur any penalty in connection with the termination of the Asset Purchase Agreement. Once the termination is approved by the Township's Board of Supervisors at its next meeting, which is expected to occur on September 11, 2024, and the Pennsylvania Public Utility Commission (the "PaPUC"), which is expected to occur approximately 30 days after the termination agreement is filed with the PaPUC, all rights and obligations of Pennsylvania American Water under the Asset Purchase Agreement will terminate.

A copy of the press release issued by Pennsylvania American Water on August 28, 2024 related to the foregoing has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could," or the negative of such terms or other variations or similar expressions. Forward-looking statements relate to, among other things, the proposed termination of the Asset Purchase Agreement. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to the terms, timing and approval by the Board of Supervisors and the PaPUC of the termination of the Asset Purchase Agreement, and the impacts thereof, if any, to Pennsylvania American Water.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated August 28, 2024, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 29, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water and Towamencin Township to Terminate the Sale of Wastewater System

MECHANICSBURG, Pa. (Aug. 28, 2024) – Pennsylvania American Water (PAW) and Towamencin Township will begin the process of terminating the sale of the township's wastewater system, subject to formal approval at Towamencin's next Board of Supervisors' meeting. On June 14, 2022, Towamencin executed an asset purchase agreement (APA) to sell the township's wastewater system to NextEra Water Pennsylvania, LLC (NextEra Water). In March 2023, NextEra Water exited the transaction and Pennsylvania American Water agreed to step in as the buyer under essentially the same terms agreed to by NextEra Water. PAW acquired the rights to the APA effective March 24, 2023.

On July 2, 2024, the Pennsylvania Public Utility Commission (PUC) finalized new criteria for reviewing the sale of public water and wastewater systems. The terms of the APA initially agreed to by Towamencin Township and NextEra Water, and now reflected in the APA to which PAW is a party, are substantially different from the PUC's new criteria. Given that, at this time, PAW and Towamencin will begin the process of termination of the existing APA.

"We are grateful to the Board of Supervisors for their partnership and the trust they placed in us to address their environmental compliance challenges and much needed investment in their treatment plant," said Pennsylvania American Water President Justin Ladner. "Unfortunately, and upon further review, we both agree the structure of the original deal is unlikely to meet the approval criteria recently established by the PUC. Pennsylvania American Water has a long history of delivering water and wastewater solutions that bring greater value to communities, and we will continue to take that same approach across the Commonwealth."

Notably, next month, Pennsylvania American Water will seek PUC approval of its proposed acquisition of the Elizabeth Borough Municipal Authority, a wastewater system in Allegheny County.

"Upon review and approval by the PUC, we look forward to serving new customers in Elizabeth Borough," Ladner said.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, the proposed transactions discussed above. These statements are based on the current expectations of management of Pennsylvania American Water. There are a number of risks and uncertainties that could cause actual results

Press Release

PENNSYLVANIA AMERICAN WATER

to differ materially from these forward-looking statements, including with respect to (1) the terms and timing of the termination of the Towamencin APA; (2) the ability to obtain and/or the timing of the PUC's approval of the proposed acquisition of the wastewater system of the Elizabeth Borough Municipal Authority; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Pennsylvania American Water; and (4) other economic, political, business and other factors that may impact or affect the water and wastewater industries generally or Pennsylvania American Water specifically. Forward-looking statements are not guarantees or assurances of future performance or results, and Pennsylvania American Water and its affiliates do not undertake any duty to update any forward-looking statement.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Pennsylvania American Water
Pennsylvania American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

AWK-IR

Media Contact:
John Kelemen
External Affairs Manager
484-238-5216
John.kelemen@amwater.com

# # #

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 5, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Approval of Final Decision in California-American Water Company's ("Cal Am") General Rate Case

At a public meeting held on December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023 in Cal Am's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.2%, as reflected in the attachments to the final decision, the decision provides incremental annualized water and wastewater revenues of $20.9 million in the 2024 test year, and an estimated $15.9 million in the 2025 escalation year and $15.9 million in the 2026 attrition year. New rates will be implemented retroactively to January 1, 2024. In addition, the CPUC denied Cal Am's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. Cal Am intends to evaluate filing an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism. Cal Am is a wholly owned subsidiary of American Water Works Company, Inc. (the "Company").

A copy of the press release issued by Cal Am on December 6, 2024, regarding the CPUC's final decision has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the resolution by the CPUC of any issue as to which Cal Am files an application for rehearing; (2) the occurrence of benefits to Cal Am arising from the CPUC's final decision; (3) unexpected costs, liabilities or delays associated with the resolution of any such application for rehearing filed by Cal Am; (4) regulatory, legislative, local, municipal or other actions adversely affecting Cal Am specifically or the water and wastewater industries generally, including with respect to the potential condemnation of Cal Am's water system assets located on the Monterey peninsula; and (5) other economic, business and other factors.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Cal Am's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated December 6, 2024, issued by California-American Water Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: December 6, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

CALIFORNIA AMERICAN WATER

California Public Utilities Commission Approves and Adopts Partial Settlement in California American Water's General Rate Case

SACRAMENTO, Calif. – Dec. 6, 2024 – The California Public Utilities Commission (CPUC) approved and adopted a partial settlement agreement in California American Water's General Rate Case at its meeting on December 5, 2024. The decision adopts a partial settlement between California American Water and the CPUC's Public Advocates Office.

The decision provides incremental annualized water and wastewater revenues of approximately $20.9 million in test year 2024, approximately $15.9 million for escalation year 2025 and approximately $15.9 million for attrition year 2026. The Commission's decision is retroactive to January 1, 2024. California American Water expects to implement new rates in February 2025.

The decision also authorizes $390 million in new infrastructure investment to maintain high-quality water and wastewater service. These investments include upgrades to distribution systems, treatment facilities, storage tanks and pump stations, and are necessary to maintain and improve water quality, reliability, fire protection as well as customer service for the communities served by California American Water.

In its application, California American Water proposed to continue full rate decoupling and sales adjustment mechanisms that promote affordability and conservation-oriented rate design.

The CPUC's decision includes approval of an important sales adjustment mechanism, which reflects the understanding that water sales forecasting is difficult and should be adjusted annually to reflect current data. The decision does not recognize the importance of a decoupling mechanism in promoting affordable rates and conservation. Decoupling separates water revenue from water sales volume and is commonly used by energy utilities. In 2022, the Legislature passed SB 1469, which expressed a clear legislative intent in support of decoupling for CPUC regulated water utilities. In 2024, the California Supreme Court struck down the CPUC's prohibition on the use of decoupling by water utilities. California American Water intends to evaluate filing an application for rehearing with the CPUC and is exploring other avenues to help ensure that customers can achieve the affordability and conservation benefits associated with decoupling and sales adjustments mechanisms.

"The CPUC's decision overlooks the importance of decoupling to allow California American Water to be a leader in ensuring affordable rates and promoting conservation for our customers," said California American Water President Kevin Tilden. "This mechanism, widely used by energy utilities and proven effective, has strong support

Press Release

CALIFORNIA AMERICAN WATER

from state legislators."

As part of the settlement, California American Water received adjustments strengthening its Customer Assistance Program. Discounts increased from 20 percent to 25 percent off the typical bill for qualified residential customers in Northern and Southern California and from 30 percent to 35 percent for qualified customers in Central California. Information about the Customer Assistance Program and customer applications as well as information about other assistance programs can be found at www.californiaamwater.com under Customer Service & Billing, Bill Paying Assistance.

Rate cases are proceedings used to address the capital investment needed for infrastructure, the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. Large, regulated water utilities like California American Water are required by law to file a General Rate Case every three years with the CPUC to set revenues and rates.

Customers will receive specific information about rates in their bill in each of California American Water's water and wastewater service areas, as well as information about customer assistance and conservation programs. Specific information will also be available on the company's website at www.californiaamwater.com under Customer Service & Billing, Water and Wastewater Rates.

Cautionary Statement Concerning Forward-Looking Statements
Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, the outcome of California American Water's application for rehearing and the effective date of new water and wastewater rates. These statements are based on the current expectations of management of California American Water. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including with respect to (1) the resolution by the CPUC of any issue as to which California American Water files an application for rehearing; (2) the occurrence of benefits to California American Water arising from the CPUC's decision; (3) unexpected costs, liabilities or delays associated with the resolution of any such application for rehearing filed by California American Water; (4) regulatory, legislative, local, municipal or other actions adversely affecting California American Water specifically or the water and wastewater industries generally, including with respect to the potential condemnation of California American Water's water system assets located on the Monterey peninsula; and (5) other economic, business and other factors.

Press Release

CALIFORNIA AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About California American Water
California American Water, a subsidiary of American Water, provides high-quality and reliable water and wastewater services to approximately 700,000 people. For more information, visit www.californiaamwater.com and follow California American Water on LinkedIn, Facebook, X, and Instagram.

AWK-IR

MEDIA CONTACT:
Evan Jacobs
Sr. Director, Business Development & External Affairs
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 5, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Illinois Commerce Commission (the "ICC") Issuance of Final Order in Illinois-American Water Company ("Illinois American Water") General Rate Case

At a public meeting on December 5, 2024, the ICC issued a final order (the "Order") approving the adjustment of base rates requested in a general rate case originally filed on January 25, 2024 by Illinois American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). As updated in Illinois American Water's June 20, 2024 rebuttal filing, the request sought a two-step increase in additional annualized revenues, consisting of a first step of $140 million in additional annualized revenues in 2025, excluding previously recovered infrastructure surcharges of $5 million, and a second step of $16 million in additional annualized revenues in 2026. The Order approved a single increase of $110.6 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity ("ROE") of 9.84%, authorized rate base of $2.19 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%, compared to an authorized ROE of 9.78%, authorized rate base of $1.64 billion, an equity component of 49.00% and a debt component of 51.00%, all as approved in Illinois American Water's last general rate case effective January 1, 2023. The Order denied the second step increase of $16 million. The increase is expected to take effect January 1, 2025, and is being driven primarily by approximately $557 million in capital investments made and to be made by Illinois American Water from January 2024 through December 2025.

A copy of the press release issued by Illinois American Water on December 6, 2024 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated December 6, 2024, issued by Illinois American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: December 6, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

ILLINOIS AMERICAN WATER

Illinois American Water Granted New Rates by Illinois Commerce Commission

Increase Driven by Approximately $557 Million in System Investments

Belleville, Ill. (Dec. 6, 2024) The Illinois Commerce Commission (ICC) issued an order Thursday approving new water and wastewater base rates for Illinois American Water, driven primarily by $557 million in capital investments in 2024 and 2025. The rate change request was filed on January 25, 2024.

“By making prudent, ongoing necessary investments to maintain and upgrade our water and wastewater systems, Illinois American Water is committed to the safety and reliability of our water and wastewater systems in the communities we serve,” said Rebecca Losli, Illinois American Water president.

The new rates will be effective January 1, 2025. The approved increase will result in a total annualized revenue increase of approximately $110.6 million and will support continued investment in critical water and wastewater infrastructure throughout the state, including the replacement, lining and installation of approximately 44 miles of aging water and wastewater pipelines. Investments also include upgrading water and wastewater treatment plants to maintain and meet regulatory compliance, storage tanks, wells, pumping stations, fire hydrants, meters and manholes across the state and ongoing replacement of customer lead service lines.

The rate order covers $421 million in water system infrastructure improvements and $136 million in wastewater system infrastructure improvements to be made over two years, from January 2024 to December 2025.

The amount of the rate change customers will experience will vary among the company’s operating districts. The monthly water service bill for the typical residential customer using 3,500 gallons per month with a 5/8-inch meter will increase approximately $16 per month and the typical residential wastewater bill will increase approximately $8.50 per month.

In addition, the ICC approved Illinois American Water’s request to expand the income-based discount tariff. Qualifying income-eligible customers will need to apply for the discount and provide the required income information when the expanded program is implemented.

Press Release

ILLINOIS AMERICAN WATER

Information about the program will be communicated to customers. Illinois American Water also offers customer assistance through the company's non-income-based H_2O Help to Others program, payment plans and budget billing. More information can be found on the company's website here.

Customers will receive information about the new rates on their Illinois American Water bill. Information will also be available on the company's website at amwater.com/ilaw, under Customer Service & Billing, Your Water and Wastewater Rates.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Illinois American Water
Illinois American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.4 million people. American Water also operates a quality control and research laboratory in Belleville.

AWK-IR

MEDIA CONTACT
Anna Kubas
Senior Manager, External Communications
Illinois American Water
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2024

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 14, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2023. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated February 14, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 14, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

February 14, 2024

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AMERICAN WATER REPORTS STRONG 2023 RESULTS
AFFIRMS LONG-TERM GROWTH TARGETS
INCREASES 2024 EPS GUIDANCE RESULTING FROM NOTE RESTRUCTURING

- **2023 earnings of $4.90 per share, compared to $4.51 per share in 2022**
  - **2023 weather-normalized earnings of $4.77 per share, compared to $4.45 per share in 2022**
- **Invested $2.7 billion in capital in 2023, increasing rate base by 10.7% year-over-year**
- **2024 earnings per share guidance range increased to $5.20 to $5.30 from $5.10 to $5.20 as a result of interest income on a legacy note restructuring**

CAMDEN, N.J., February 14, 2024 - American Water Works Company, Inc. (NYSE: AWK) today reported earnings of $0.88 per share for the fourth quarter 2023 compared to $0.81 per share in 2022, and full year earnings in 2023 of $4.90 per share compared to $4.51 per share in 2022.

“American Water once again successfully executed on its strategies and achieved on-plan earnings growth in 2023. We invested a record $2.7 billion in regulated operations, led by infrastructure renewal, and the completion of 23 acquisitions across eight states,” said M. Susan Hardwick, president and CEO of American Water.

“As the only pure play, large-cap water utility in the U.S., our strong fundamentals and healthy balance sheet give us great confidence in the long-term plan that we announced last November,” added Hardwick.

Long-Term Financial Targets Affirmed and 2024 EPS Guidance Increased

The company affirms its long-term financial targets announced in Nov. 2023, including its long-term EPS and dividend growth rate targets of 7-9%. The company now expects its 2024 earnings per share guidance range to be $5.20 to $5.30, up from the EPS guidance range of $5.10 to $5.20 announced in Nov. 2023, as the company will receive increased interest income resulting from the amendment to the terms of the secured seller note receivable related to the sale of the former Homeowner Services Group (“HOS”). The increased interest income is expected to approximate $0.10 per share per year through the note’s maturity date of December 9, 2026, which is unchanged from the original note term. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three and twelve months ended December 31, 2023, earnings per share were $0.88 and $4.90, respectively, compared to $0.81 and $4.51 per share in the same periods in 2022. These increases were primarily driven by the implementation of new rates in the Regulated Businesses for the return on and recovery of capital and acquisition investments, offset somewhat by increased operating costs, primarily production costs from inflationary pressures, and higher pension costs. Results for the three and twelve months ended December 31, 2023, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.02 and $0.13 per share, respectively, while results for the twelve months ended December 31, 2022, reflect the net favorable impact of weather compared to normal, estimated at $0.06 per share. Results for the three and twelve months ended December 31, 2023, also reflect the impact of share dilution from the equity financing of $0.06 and $0.29 per share, respectively, roughly equivalent to avoided interest expense on the year.

In 2023, the company made capital investments of $2.7 billion in infrastructure improvements and other capital investments in the Regulated Businesses and regulated acquisitions.

Regulated Businesses

In the fourth quarter of 2023, the Regulated Businesses' net income was $188 million, compared to $173 million for the same period in 2022. For the full year 2023, the Regulated Businesses' net income was $971 million, compared to $854 million in 2022.

Operating revenues increased $101 million and $415 million for the three and twelve months ended December 31, 2023, respectively, as compared to the same periods in 2022. The increases in operating revenues were primarily a result of authorized revenue increases resulting from completed general rate cases and infrastructure proceedings to recover incremental capital and acquisition investments.

Since January 1, 2023, the company has been authorized additional annualized revenues of approximately $273 million from general rate cases all of which was effective in 2023. Further, approximately $117 million of additional annualized revenues from infrastructure surcharges have been authorized, with $86 million effective in 2023 and $31 million effective in 2024. The company has general rate cases in progress in eight jurisdictions and filed for one infrastructure surcharge, reflecting a total annualized revenue request of approximately $670 million.

Operation and maintenance ("O&M") expenses were higher by $44 million and $96 million for the three and twelve months ended December 31, 2023, respectively, as compared to the same periods in 2022, primarily due to increases in production costs, including from inflationary pressures, as well as an increase in maintenance activities in the fourth quarter of 2023. Pension non-service costs, included in Other Income/Expense, were also higher in the quarter and year-to-date periods. Also, depreciation expense was higher by $18 million and $60 million in these same periods due to the growing capital investment in infrastructure and from acquisitions.

Amended Legacy Note Receivable

As the company announced in a Form 8-K filing on February 5, 2024, the company's legacy note receivable from its sale of the former HOS has been amended. The former HOS business successfully completed the extension of agreements with the New York City Water Board, which fully satisfied the buyer's requirement to pay the company $75 million of contingent consideration. The parties have amended the secured seller note to, among other things, increase the principal amount from $720 million to $795 million, which satisfies payment of the contingent consideration. In addition, the interest rate payable in cash on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity, in recognition of higher market interest rates and removal of American Water's right to require early repayment of the note. The maturity date of the amended note of December 9, 2026, remains unchanged. The increased interest income is expected to approximate $0.10 per share per year through the note's maturity.

Dividends

On December 6, 2023, the company's Board of Directors declared a quarterly cash dividend payment of $0.7075 per share of common stock payable on March 1, 2024, to shareholders of record as of February 8, 2024.

2023 Fourth Quarter and Year-End Earnings Conference Call

The conference call to discuss the fourth quarter and year-end 2023 earnings, 2024 EPS guidance, and affirmation of long-term targets will take place on Thursday, February 15, 2024, at 9 a.m. Eastern Standard Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's Investor Relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (PFAS), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and

regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from the required or voluntary public and other disclosures related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's Homeowner Services Group ("HOS"), including the company's ability to receive amounts due, payable and owing to the company under the amended seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time,

and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations

(In millions, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2023	2022	2023	2022
	(Unaudited)			
Operating revenues	$ 1,032	$ 931	$ 4,234	$ 3,792
Operating expenses:				
Operation and maintenance	472	433	1,720	1,589
Depreciation and amortization	181	164	704	649
General taxes	80	73	307	281
Other	—	—	(1)	—
Total operating expenses, net	733	670	2,730	2,519
Operating income	299	261	1,504	1,273
Other income (expense):				
Interest expense	(118)	(116)	(460)	(433)
Interest income	21	13	73	52
Non-operating benefit costs, net	6	19	32	77
Gain or (loss) on sale of businesses	—	19	—	19
Other, net	10	(18)	47	20
Total other income (expense)	(81)	(83)	(308)	(265)
Income before income taxes	218	178	1,196	1,008
Provision for income taxes	47	31	252	188
Net income attributable to common shareholders	$ 171	$ 147	$ 944	$ 820
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 0.88	$ 0.81	$ 4.90	$ 4.51
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 0.88	$ 0.81	$ 4.90	$ 4.51
Weighted-average common shares outstanding:				
Basic	195	182	193	182
Diluted	195	182	193	182

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2023	December 31, 2022
ASSETS		
Property, plant and equipment	$ 32,189	$ 29,736
Accumulated depreciation	(6,751)	(6,513)
Property, plant and equipment, net	25,438	23,223
Current assets:		
Cash and cash equivalents	330	85
Restricted funds	34	32
Accounts receivable, net of allowance for uncollectible accounts of $51 and $60, respectively	339	334
Income tax receivable	86	114
Unbilled revenues	302	275
Materials and supplies	112	98
Other	186	312
Total current assets	1,389	1,250
Regulatory and other long-term assets:		
Regulatory assets	1,106	990
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	86	82
Goodwill	1,143	1,143
Other	416	379
Total regulatory and other long-term assets	3,471	3,314
Total assets	$ 30,298	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2023	December 31, 2022
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,144,968 and 187,200,539 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,550	6,824
Retained earnings	1,659	1,267
Accumulated other comprehensive loss	(26)	(23)
Treasury stock, at cost (5,414,867 and 5,342,477 shares, respectively)	(388)	(377)
Total common shareholders' equity	9,797	7,693
Long-term debt	11,715	10,926
Redeemable preferred stock at redemption value	3	3
Total long-term debt	11,718	10,929
Total capitalization	21,515	18,622
Current liabilities:		
Short-term debt	179	1,175
Current portion of long-term debt	475	281
Accounts payable	294	254
Accrued liabilities	791	706
Accrued taxes	67	49
Accrued interest	93	91
Other	252	255
Total current liabilities	2,151	2,811
Regulatory and other long-term liabilities:		
Advances for construction	352	316
Deferred income taxes and investment tax credits	2,717	2,437
Regulatory liabilities	1,481	1,590
Operating lease liabilities	73	70
Accrued pension expense	262	235
Other	196	202
Total regulatory and other long-term liabilities	5,081	4,850
Contributions in aid of construction	1,551	1,504
Commitments and contingencies		
Total capitalization and liabilities	$ 30,298	$ 27,787

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Indiana Utility Regulatory Commission (the "IURC") Approval of Order in Indiana-American Water Company, Inc. ("Indiana American Water") General Rate Case

On February 14, 2024, the IURC issued an order (the "Order") approving the adjustment of base rates requested in a rate case filed on March 31, 2023 by Indiana American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Order approved a $66.3 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity ("ROE") of 9.65%, authorized rate base of $1,835 million, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation.

The annualized revenue increase will include three step increases, with $24.9 million of the increase to be included in rates in February 2024, $17.1 million in May 2024, and $24.3 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of Indiana American Water's last rate case and through April 30, 2025, (ii) higher pension and other OPEB costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

A copy of the press release issued by Indiana American Water on February 15, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the amount and timing of incremental future capital expenditures and investments to be made by Indiana American Water; (2) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Indiana American Water; and (3) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally, the Company or Indiana American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Indiana American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated February 15, 2024, issued by Indiana American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 15, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

INDIANA AMERICAN WATER

Indiana American Water Granted New Rates by the Indiana Utility Regulatory Commission

Rate adjustment driven by $875 million in system upgrades; low-cost basic water service approved

GREENWOOD, Ind. (February 15, 2024) – The Indiana Utility Regulatory Commission (IURC) yesterday issued an order approving base rate adjustments on a statewide basis for Indiana American Water following a comprehensive 11-month review process.

The company's rate adjustment request, which was filed on March 31, 2023, was driven primarily by approximately $875 million in water and wastewater investments since the last approved rate adjustment, to be made through April 2025, as well as increases in the cost of procuring chemicals, goods and services.

"By making prudent, ongoing investments to maintain and upgrade our water and wastewater systems, Indiana American Water is committed to providing safe, clean, reliable and affordable water service and fire protection capabilities," said Indiana American Water President Matt Prine. "We are proud to continue to provide high-quality water that protects customers and the communities we serve."

The order includes a $66.3 million adjustment to existing authorized operating water and wastewater revenues to address the increased investment and expenses. The increase will be implemented through a phased, three-step process through May 2025.

The increases for residential wastewater customers will vary depending on the community served. Final water and wastewater customer rates will be determined once revised tariffs have been completed and approved by the IURC later this month and will be available on the company's website at https://www.amwater.com/inaw/customer-service-billing/your-water-rates.

Prior to the most recent rate adjustment, the company last filed for new rates through a general rate filing in September 2018.

Press Release

INDIANA AMERICAN WATER

The IURC also approved a new rate design that provides 1,500 gallons of water usage at no additional cost above the fixed monthly customer charge for all water customers. The change will allow Indiana American Water to provide low-cost basic water service for customers on fixed incomes that use a lower volume of water than the typical residential customer. With this change, the cost for the typical residential water customer using 1,500 gallons will be approximately $20 per month.

Indiana American Water also offers payment plans, budget billing and provides information to customers about the Low-Income Household Water Assistance Plan (LIHWAP - end date for program is slated for March 31, 2024). More information can be found by clicking on the Low Income Program link under the Customer Service & Billing heading on the company's website or by clicking here. For tips on how to reduce your water bill by conserving water, visit our Wise Water Use page at https://www.amwater.com/inaw/Water-Wastewater-Information/wise-water-use.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Indiana American Water
Indiana American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.4 million people.

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AWK-IR

Media Contact:
Joe Loughmiller
317-885-2434
joe.loughmiller@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 20, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

On February 20, 2024, American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. ("American Water"), agreed to sell $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 (the "2034 Notes") and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054 (the "2054 Notes," and together with the 2034 Notes, the "Notes") pursuant to an Underwriting Agreement, dated February 20, 2024, among AWCC, American Water, and U.S. Bancorp Investments, Inc., Mizuho Securities USA LLC and PNC Capital Markets LLC, as representatives of the several underwriters named therein. The Notes have the benefit of a support agreement, dated June 22, 2000 and amended as of July 26, 2000, from American Water (the "Support Agreement").

The Notes and the obligations of American Water represented by the Support Agreement were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File Nos. 333-277166-01 and 333-277166). At the closing of this offering on February 23, 2024, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,380.7 million. AWCC intends to use the net proceeds of the offering (1) to lend funds to American Water and its subsidiaries in its Regulated Businesses segment (which is comprised of utilities that provide water and wastewater services and are generally subject to regulation by state utility commissions or other entities engaged in utility regulation); (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

The Notes were issued pursuant to the Indenture, dated as of December 4, 2009, by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, as supplemented by officers' certificates establishing the terms of the Notes.

This Current Report on Form 8-K is being filed to report the closing of the offering summarized herein and to include, as exhibits, certain documents executed in connection with the sale of the Notes.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated February 20, 2024, by and among AWCC, American Water, U.S. Bancorp Investments, Inc., Mizuho Securities USA LLC and PNC Capital Markets LLC, as representatives of the several underwriters named therein.
4.1*	Officers' Certificate of AWCC, dated February 23, 2024, establishing the terms of the 2034 Notes.
4.2*	Officers' Certificate of AWCC, dated February 23, 2024, establishing the terms of the 2054 Notes.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 23, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Exhibit 1.1
Execution Version

American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

$700,000,000 5.150% Senior Notes due 2034
$700,000,000 5.450% Senior Notes due 2054

Support Agreement from American Water Works Company, Inc.

Underwriting Agreement

February 20, 2024

U.S. Bancorp Investments, Inc.
Mizuho Securities USA LLC
PNC Capital Markets LLC

As representatives of the several Underwriters
named in Schedule I hereto
c/o U.S. Bancorp Investments, Inc.
214 North Tryon Street, 26th Floor
Charlotte, NC 28202-1078
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10036
c/o PNC Capital Markets LLC
300 Fifth Avenue, 10th Floor
Pittsburgh, PA 15222

Ladies and Gentlemen:

1. American Water Capital Corp., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the underwriters named in Schedule I hereto (the "**Underwriters**"), for whom you (the "**Representatives**") are acting as representatives, (a) an aggregate of $700,000,000 principal amount of the Company's 5.150% Senior Notes due 2034 (the "**2034 Notes**"), and (b) an aggregate of $700,000,000 principal amount of the Company's 5.450% Senior Notes due 2054 (the "**2054 Notes**" and, together with the 2034 Notes, the "**Securities**").

2. The Company previously entered into a support agreement with American Water Works Company, Inc., a Delaware corporation (the "**Parent**"), dated June 22, 2000 and amended as of July 26, 2000 (as such agreement may be hereinafter amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, the "**Support Agreement**"). Pursuant to the Support Agreement, the Parent has agreed, among other things, to provide funds to the Company if it is unable to make timely payment of principal of and premium, if any, and interest on Debt (as defined in the Support Agreement) issued by the Company.

3. The Company and the Parent, jointly and severally, represent and warrant to, and agree with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File Nos. 333-277166 and 333-277166-01) in respect of the Securities has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Parent's or the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Parent or the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 3(c) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 7(a) hereof is hereinafter called the "**Prospectus**"; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities

filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"), and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives expressly for use therein (the "**Underwriter Information**");

(c) For the purposes of this Agreement, the "**Applicable Time**" is 4:45 p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the final term sheet prepared and filed pursuant to Section 7(a) hereof, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the representations and warranties in this clause (c) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(f) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(g) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Parent,

the Company and the Parent's other subsidiaries, taken as a whole (a "**Material Adverse Effect**"); and (B) no labor dispute with the employees of the Parent, the Company or any of the Parent's other subsidiaries exists or, to the knowledge of the Company or the Parent, is imminent, which could reasonably be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs or management, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(h) The Parent, the Company and each of the Parent's other subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Parent, the Company and each of the Parent's other subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Parent, the Company and each of the Parent's other subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Parent, the Company and each of the Parent's other subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(i) Each of the Parent and the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Parent listed on Schedule IV hereto (each a "**Significant Subsidiary**") has been duly incorporated or organized and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation or organization, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(j) All of the issued shares of capital stock of the Parent and the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock or other ownership interests of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Parent, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(k) This Agreement has been duly authorized, executed and delivered by each of the Company and the Parent; the Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture, dated as of December 4, 2009 (the "**Indenture**"), between the Company and Computershare Trust Company, N.A., as successor trustee (the "**Trustee**"), under which they are to be issued; the Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Support Agreement has been duly authorized, executed and delivered by the Parent and the Company and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities, the Indenture and the Support Agreement will conform to the descriptions thereof in the Pricing Prospectus and the Prospectus and will be in substantially the form previously delivered to you;

(l) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(m) The issue and sale of the Securities and the compliance by the Parent and the Company with all of the provisions of the Securities, the Indenture, the Support Agreement and this Agreement and the consummation of the transactions herein and therein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other

agreement or instrument to which the Parent, the Company or any of the Parent's other subsidiaries is a party or by which the Parent, the Company or any of the Parent's other subsidiaries is bound or to which any of the property or assets of the Parent, the Company or any of the Parent's other subsidiaries is subject, and (ii) will not result in any violation of (A) the provisions of the Certificate of Incorporation or the By-laws, as amended, of the Company or the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Parent or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Parent, the Company or any of the Parent's other subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Parent or the Company of the transactions contemplated by this Agreement, the Indenture, or the Support Agreement, except (i) the registration under the Act of the Securities, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement;

(n) None of the Parent, the Company or any of the Parent's other subsidiaries is (A) in violation of the Certificate of Incorporation or the By-laws, as amended, in the case of the Company, or the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Parent, or similar organizational documents, in the case of the Parent's other subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Parent other than the Company and the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(o) The statements set forth in the Pricing Prospectus and Prospectus under the captions "Description of the Notes" and "Description of AWCC Debt Securities and American Water Support Agreement", insofar as they purport to constitute a summary of the terms of the Securities, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(p) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Parent, the Company or any of the Parent's other subsidiaries is a party or of which any property of the Parent, the Company or any of the Parent's other subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's and the Parent's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(q) Neither the Parent nor the Company is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof will be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended;

(r) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Parent or the Company or any person acting on the Parent's or the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Parent and the Company were each a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Parent or the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, neither the Parent nor the Company was an "ineligible issuer" as defined in Rule 405 under the Act;

(s) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Parent and its subsidiaries, is an independent registered public accounting firm with respect to the Parent and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(t) Except as disclosed in the Pricing Prospectus, the Parent maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Parent's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Parent's internal control over financial reporting is effective and the Parent is not aware of any material weaknesses in its internal control over financial reporting;

(u) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Parent's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Parent's internal control over financial reporting;

(v) The Parent maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Parent, the Company and each of the Parent's other subsidiaries is made known to the Parent's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(w) The Parent, the Company and each of the Parent's other subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Parent, the Company and each of the Parent's other subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(x) To the Parent's and the Company's knowledge, the Parent, the Company and each of the Parent's other subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their businesses as now conducted, except where the failure to own, possess or have the right would not, individually or in the aggregate, have a Material Adverse Effect. None of the Parent, the Company or any of the Parent's other subsidiaries has received any notice of

infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Parent's and the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Parent, the Company and each of the Parent's other subsidiaries does not infringe on the rights of any person;

(y) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Parent's, the Company's or the Parent's other subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Parent and the Company have not been notified of, and have no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Parent, the Company and the Parent's other subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Parent and the Company have implemented and maintain security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Parent and the Company have implemented backup and disaster recovery technology consistent with industry standards and practices;

(z) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Parent, the Company or any of the Parent's other subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real property which, to the Parent's or the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Parent's or the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Parent and the Company are not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(aa) The Parent, the Company and each of the Parent's other subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Parent, the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Parent, the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(bb) Neither the Parent nor the Company has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities;

(cc) The Parent is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Parent as of the date hereof;

(dd) The Parent, the Company and each of the Parent's other subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Parent, the Company or any of the Parent's other subsidiaries is contesting in good faith and for which the Parent, the Company or any of the Parent's other subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Parent, the Company and each of the Parent's other subsidiaries through the fiscal year ended December 31, 2019 have been closed by statute and no assessment in connection therewith has been made against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(ee) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(ff) The operations of the Company, the Parent and each of the Parent's other subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, the Parent, or any of the Parent's other subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(gg) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is: (A) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (B) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, Iran, North Korea and Syria), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Parent or the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Parent or the Company, as the case may be, as to matters covered thereby, to each Underwriter.

4. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, (a) at a purchase price of 99.031% of the principal amount thereof, including accrued interest, if any, from February 23, 2024 to the Time of Delivery (as defined in Section 6(a)), the principal amount of the 2034 Notes set forth opposite the name of such Underwriter in Schedule I hereto, and (b) at a purchase price of 98.218% of the principal amount thereof, including accrued interest, if any, from February 23, 2024 to the Time of Delivery, the principal amount of the 2054 Notes set forth opposite the name of such Underwriter in Schedule I hereto.

5. Upon the authorization by the Company of the release of the Securities, the several Underwriters propose to offer the Securities for sale upon the terms and conditions set forth in the Prospectus.

6. (a) Each series of Securities to be purchased by each Underwriter hereunder will be represented by one or more definitive global securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust Company ("**DTC**") or its designated custodian. The Company will deliver the Securities to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Securities to the account of the Representatives at DTC. The Company will cause forms of the certificates representing the Securities to be made available to the Representatives for checking at least twenty-four hours prior to the Time of Delivery hereunder at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"). The time and date of such delivery and payment shall be 9:30 a.m., Eastern time, on February 23, 2024 or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date is herein called the "**Time of Delivery**".

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 10 hereof, including the cross receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 10 hereof, will be delivered at the Closing Location, and the Securities will be delivered through the facilities of DTC, all at the Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., Eastern time, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

7. Each of the Parent and the Company, jointly and severally, agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld); to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in a form substantially consistent with Schedule III hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Parent or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Securities by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement, any of the Securities remain unsold by the Underwriters, the Parent will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form satisfactory to the Representatives. If at the Renewal Deadline the Parent is no longer eligible to file an automatic shelf registration statement, the Parent will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form satisfactory to the Representatives and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Parent will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided* that in connection therewith neither the Parent nor the Company shall be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters as soon as practicable after the date of this Agreement but no later than 5:30 p.m., Eastern time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon the request of the Representatives to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many printed and electronic copies as the

Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Parent and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Parent, Rule 158);

(f) During the period beginning from the date hereof and continuing until the Time of Delivery, not to offer, sell, contract to sell, or otherwise dispose of, except as provided hereunder, any securities of the Parent or the Company that are substantially similar to the Securities without the Representatives' prior written consent;

(g) To take all reasonable action necessary to enable S&P Global Ratings, a division of S&P Global Inc., and Moody's Investors Service, Inc. to provide their respective credit ratings of the Securities;

(h) During a period of three years from the effective date of the Registration Statement, to furnish to the holders of the Securities as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Parent and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to the holders of the Securities consolidated summary financial information of the Parent and its subsidiaries for such quarter in reasonable detail; *provided, however*, that the Parent and the Company may satisfy the requirements of this subsection by making any such reports, communications or information available on its website or by filing such information with the Commission via EDGAR or any successor filing system thereto;

(i) To use the net proceeds received by the Company from the sale of the Securities pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(j) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(k) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Parent's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Securities (the "**License**"); *provided*, *however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

8. (a) (i) Each of the Parent and the Company represents and agrees that, other than the final term sheet in a form substantially consistent with Schedule III hereto and filed pursuant to Section 7(a) hereof, without the prior written consent of the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, other than one or more term sheets relating to the Securities substantially consistent with Schedule III hereto, containing no "issuer information" (as defined in Rule 433(h)(2) under the Act) that was not included in the Preliminary Prospectus or Pricing Prospectus, it has not made and will not make any offer relating to the Securities that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

9. Each of the Parent and the Company covenants and agrees with the several Underwriters that the Parent and the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Parent's and the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, the Indenture, the Support Agreement, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 7(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture, the Securities and the Support Agreement; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Parent and the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

10. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Parent and the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Parent and the Company shall have performed all of their obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 7(a) hereof; the final term sheet contemplated by Section 7(a) hereof, and any other material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for

that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, shall have furnished to the Representatives such written opinions, dated the Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Representatives their written opinion and 10b-5 statement, each dated the Time of Delivery, in the form attached as Annexes II-A and II-B hereto;

(d) Jeffrey M. Taylor, Secretary of the Company and Vice President, Chief SEC Counsel and Secretary of the Parent, shall have furnished to the Representatives his written opinion, dated the Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Parent, the Company and the Parent's other subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing

Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded the Parent's or the Company's debt securities by S&P Global Ratings, a division of S&P Global Inc., or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of the Parent's or the Company's debt securities;

(h) On or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Parent's or the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus; and

(i) Each of the Parent and the Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery certificates of officers of the Parent and the Company reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Parent and the Company, respectively, herein at and as of the Time of Delivery, as to the performance by the Parent and the Company of all their respective obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section 10 and as to such other matters as the Representatives may reasonably request.

11. (a) The Parent and the Company will, jointly and severally, indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue

statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Parent and the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Parent and the Company against any losses, claims, damages or liabilities, joint or several, to which the Parent or the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Parent and the Company for any legal or other expenses reasonably incurred by the Parent or the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party

shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Parent and the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Parent and the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Parent or the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Parent, the Company, and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Parent and the Company under this Section 11 shall be in addition to any liability which the Parent and the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter and to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 11 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Parent or the Company and to each person, if any, who controls the Parent or the Company within the meaning of the Act.

12. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section 12 with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Securities which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the

principal amount of Securities which such Underwriter agreed to purchase hereunder) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 9 hereof and the indemnity and contribution agreements in Section 11 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

13. The respective indemnities, agreements, representations, warranties and other statements of the Parent, the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, the Parent or the Company, or any officer or director or controlling person of the Parent or the Company, and shall survive delivery of and payment for the Securities.

14. If for any reason, other than a default by the Underwriters in their obligation to purchase the Securities, any Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities not so delivered, but the Parent and the Company shall then be under no further liability to the Underwriters except as provided in Sections 9 and 11 hereof.

15. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

16. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives in care of: U.S. Bancorp Investments, Inc., 214 North Tryon Street, 26th Floor, Charlotte, NC 28202-1078,

Attention: Investment Grade Syndicate or facsimile transmission to (704) 335-2393; Mizuho Securities USA LLC, 1271 Avenue of the Americas, New York, NY 10020, Attention: Debt Capital Markets Desk; or PNC Capital Markets LLC, 300 Fifth Avenue, 10th Floor, Pittsburgh, PA 15222, Attention: Debt Capital Markets, Fixed Income Transaction Execution, or by facsimile transmission to (412) 762-2760; and if to the Parent or the Company shall be delivered or sent by mail to the address of the Parent set forth in the Registration Statement, or email at jim.gallegos@amwater.com, Attention: James. H. Gallegos, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

17. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Parent and the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

18. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Parent and the Company and, to the extent provided in Sections 11 and 13 hereof, the officers and directors of the Parent and the Company and each person who controls the Parent and the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

19. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

20. The Parent and the Company acknowledge and agree that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Parent and the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not as an agent or fiduciary of the Parent or the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Parent or the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Parent or the Company) or any other obligation to the Parent or the Company except the obligations expressly set forth in this Agreement and (iv) the Parent and the Company have consulted their own legal and financial advisors to the extent they deemed appropriate. The Parent and the Company agree that they will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Parent or the Company, in connection with such transaction or the process leading thereto.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Parent, the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

23. The Parent, the Company and each of the Underwriters hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

24. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

25. Notwithstanding anything herein to the contrary, each of the Parent and the Company are authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Parent and the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax treatment” means U.S. Federal and State income tax treatment, and “tax structure” is limited to any facts that may be relevant to that treatment.

26. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 26, the following terms shall have the meanings indicated:

(i) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters, the Parent and the Company.

Very truly yours,

AMERICAN WATER CAPITAL CORP.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Vice President and Treasurer

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Senior Vice President, Deputy Chief Financial Officer and Treasurer

[Signature Page to the Underwriting Agreement]

Accepted as of the date hereof:

U.S. Bancorp Investments, Inc.
Mizuho Securities USA LLC
PNC Capital Markets LLC

On behalf of each of the Underwriters

U.S. BANCORP INVESTMENTS, INC.

By: /s/ BRENT KREISSL
Name: Brent Kreissl
Title: Managing Director

MIZUHO SECURITIES USA LLC

By: /s/ STEVE LEAMER
Name: Steve Leamer
Title: Managing Director

PNC CAPITAL MARKETS LLC

By: /s/ VALERIE SHADECK
Name: Valerie Shadeck
Title: Managing Director

[Signature Page to the Underwriting Agreement]

SCHEDULE I

	Principal Amount of 2034 Notes to be Purchased	Principal Amount of 2054 Notes to be Purchased
U.S. Bancorp Investments, Inc.	$ 140,000,000	$ 140,000,000
Mizuho Securities USA LLC	$ 124,250,000	$ 124,250,000
PNC Capital Markets LLC	$ 124,250,000	$ 124,250,000
BofA Securities, Inc.	$ 42,000,000	$ 42,000,000
J.P. Morgan Securities LLC	$ 42,000,000	$ 42,000,000
RBC Capital Markets, LLC	$ 42,000,000	$ 42,000,000
TD Securities (USA) LLC	$ 42,000,000	$ 42,000,000
Truist Securities, Inc.	$ 42,000,000	$ 42,000,000
Wells Fargo Securities, LLC	$ 42,000,000	$ 42,000,000
BNY Mellon Capital Markets, LLC	$ 10,500,000	$ 10,500,000
Huntington Securities, Inc.	$ 10,500,000	$ 10,500,000
Regions Securities LLC	$ 10,500,000	$ 10,500,000
Scotia Capital (USA) Inc.	$ 10,500,000	$ 10,500,000
Siebert Williams Shank & Co., LLC	$ 10,500,000	$ 10,500,000
Academy Securities, Inc.	$ 1,750,000	$ 1,750,000
Cabrera Capital Markets LLC	$ 1,750,000	$ 1,750,000
Roberts & Ryan, Inc.	$ 1,750,000	$ 1,750,000
Samuel A. Ramirez & Company, Inc.	$ 1,750,000	$ 1,750,000
Total (per series)	$ 700,000,000	$ 700,000,000
Total (collectively)		$1,400,000,000

SCHEDULE II

a) Issuer Free Writing Prospectuses included in the Pricing Disclosure Package: Final term sheet attached hereto as Schedule III.

SCHEDULE III

February 20, 2024

American Water Capital Corp.
American Water Works Company, Inc.

$700,000,000 5.150% Senior Notes due 2034
$700,000,000 5.450% Senior Notes due 2054

Issuer:	American Water Capital Corp.
Support Provider:	American Water Works Company, Inc.
Security:	5.150% Senior Notes due 2034 (the "2034 Notes") 5.450% Senior Notes due 2054 (the "2054 Notes")
Size:	$700,000,000 for the 2034 Notes $700,000,000 for the 2054 Notes
Trade Date:	February 20, 2024
Settlement Date:	February 23, 2024 (T+3)*
Maturity Date:	March 1, 2034 for the 2034 Notes March 1, 2054 for the 2054 Notes
Benchmark Treasury:	UST 4.000% due February 15, 2034 for the 2034 Notes UST 4.750% due November 15, 2053 for the 2054 Notes
Benchmark Treasury Yield:	4.271% for the 2034 Notes 4.442% for the 2054 Notes
Spread to Benchmark Treasury:	+92 bps for the 2034 Notes +107 bps for the 2054 Notes
Yield to Maturity:	5.191% for the 2034 Notes 5.512% for the 2054 Notes
Coupon:	5.150% for the 2034 Notes 5.450% for the 2054 Notes
Price to Public:	99.681% for the 2034 Notes 99.093% for the 2054 Notes
Interest Payment Dates:	2034 Notes: March 1 and September 1 of each year, beginning on September 1, 2024 2054 Notes: March 1 and September 1 of each year, beginning on September 1, 2024
Redemption Provisions:	
Make-whole call:	Treasury Rate +15 bps for the 2034 Notes Treasury Rate +20 bps for the 2054 Notes
Par call:	On or after December 1, 2033, for the 2034 Notes On or after September 1, 2053, for the 2054 Notes
CUSIP:	2034 Notes: 03040W BD6 2054 Notes: 03040W BC8
ISIN:	2034 Notes: US03040WBD65 2054 Notes: US03040WBC82
Ratings(1):	[Intentionally Omitted]

Joint Book-Running Managers:	U.S. Bancorp Investments, Inc. Mizuho Securities USA LLC PNC Capital Markets LLC BofA Securities, Inc. J.P. Morgan Securities LLC RBC Capital Markets, LLC TD Securities (USA) LLC Truist Securities, Inc. Wells Fargo Securities, LLC
Sr. Co-Managers:	BNY Mellon Capital Markets, LLC Huntington Securities, Inc. Regions Securities LLC Scotia Capital (USA) Inc. Siebert Williams Shank & Co., LLC
Co-Managers:	Academy Securities, Inc. Cabrera Capital Markets LLC Roberts & Ryan, Inc. Samuel A. Ramirez & Company, Inc.

(1) Neither of these ratings is a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

The term "Treasury Rate" has the meaning ascribed to that term in the Issuer's Preliminary Prospectus Supplement, dated February 20, 2024.

* The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about the third business day following the date of the prospectus supplement, or "T+3". Trades of securities in the secondary market generally are required to settle in two business days, referred to as T+2, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+2 basis, investors who wish to trade the notes prior to the second business day before delivery of the notes will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Investors of the notes who wish to trade the notes on any date prior to the second business day before delivery should consult their own advisors.

The Issuer and the Support Provider have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer and the Support Provider have filed with the SEC for more complete information about the Issuer, the Support Provider and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter participating in the offering will arrange to send you the prospectus if you request it by calling U.S. Bancorp Investments, Inc. toll free at (877) 558-2607, Mizuho Securities USA LLC toll free at (866) 271-7403, or PNC Capital Markets LLC toll free at (855) 881-0697.

SCHEDULE IV

Significant Subsidiaries of the Parent

Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

Exhibit 4.1

AMERICAN WATER CAPITAL CORP.

OFFICERS' CERTIFICATE

FEBRUARY 23, 2024

5.150% SENIOR NOTES DUE 2034

PURSUANT TO SECTIONS 102 AND 301 OF THE INDENTURE IDENTIFIED BELOW

The undersigned officers of American Water Capital Corp., a Delaware corporation (the "Company"), acting pursuant to an authorization contained in the unanimous written consent, dated February 20, 2024 of the Board of Directors of the Company (the "Board Resolutions"), and Sections 102 and 301 of the Indenture, dated as of December 4, 2009 (the "Indenture", and unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them therein), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), do hereby certify as follows:

1) There is hereby established under the Indenture the following series of debt securities of the Company, and the terms of such series (the "Series") are as follows:

   a) The Series shall be known and designated as the "5.150% Senior Notes due 2034" of the Company (the "Securities");

   b) The terms of the Securities are as set forth in Annex A hereto;

   c) The Securities shall be redeemable at the option of the Company as specified and subject to the limitations set forth in Annex A hereto;

   d) The Securities shall not be entitled to the benefits of any sinking fund or analogous provisions;

   e) The covenants and definitions set forth in Article 8 and Article 10 of the Indenture apply to the Securities;

   f) The Securities shall be subject to defeasance as specified and subject to the limitations set forth in Annex A hereto;

   g) The Securities will be issued in the form of one or more fully registered Global Securities which are exchangeable from time to time for fully registered certificated securities in accordance with the terms of the Indenture; and

   h) The Company will not pay additional amounts on the Securities held by a non-U.S. person in respect of taxes or similar charges withheld or deducted;

2) The undersigned have read the provisions of the Indenture relating to the authentication and delivery of securities thereunder, including Sections 201, 301 and 303 thereof and the definitions relating thereto;

3) The undersigned have read the Board Resolutions authorizing the issuance of the Securities and the taking of any action by such officers of the Company in connection therewith, and have made such investigation or examination as is necessary, in the opinion of the undersigned, to enable the undersigned to express an informed opinion as to whether the covenants and conditions precedent to the action to be taken by the Trustee in authenticating and delivering Securities under the Indenture have been complied with;

4) In the opinion of the undersigned, such covenants and conditions precedent have been complied with; and

5) The Securities are "Debt" under the Support Agreement, dated June 22, 2000 and amended as of July 26, 2000, between American Water Works Company, Inc. and the Company.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Vice President and Treasurer

By: /s/ JEFFREY M. TAYLOR
Name: Jeffrey M. Taylor
Title: Secretary

ANNEX A

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

American Water Capital Corp.
5.150% Senior Notes due 2034

CUSIP No. 03040W BD6
ISIN No. US03040WBD65

No R. $

American Water Capital Corp., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on March 1, 2034, and to pay interest thereon from February 23, 2024 or from the most recent Interest Payment Date to which interest has been paid or as duly provided for semi-annually on March 1 and September 1, in arrears, commencing September 1, 2024, and on any earlier Redemption Date (as defined herein), at the rate of 5.150% per annum, until the principal hereof is paid or made available for payment. Interest on this Security shall be computed assuming a 360-day year consisting of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (i) with respect to any Global Security, by wire transfer of immediately available funds to the accounts specified by the Holder of such Global Security or (ii) with respect to any certificated Security, by wire transfer of immediately available funds to the respective accounts specified by the Holders of such certificated Security or, if no such account is specified, by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

AMERICAN WATER CAPITAL CORP.

By _____

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, N.A.,
As Trustee

By _____
Authorized Signatory

Dated:

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 4, 2009 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

The Company may from time to time, without the consent of the Holders, create and issue Additional Securities, so that each such further issue shall be consolidated and form a single series with the Outstanding Securities of this series.

All or a portion of the Securities of this series may be redeemed at the option of the Company at any time or from time to time (each, a "Redemption Date"). Prior to December 1, 2033 (the "Par Call Date"), the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming the Securities of this series matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points less (b) interest accrued to the Redemption Date, and
- 100% of the principal amount of the Securities of this series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to that Redemption Date.

On or after the Par Call Date, the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

"*Treasury Rate*" means, with respect to any Redemption Date for the Securities of this series, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third business day preceding the Redemption Date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notices of redemption will be given in accordance with the Indenture at least 30 but not more than 60 days before a Redemption Date, except that redemption notices may be sent more than 60 days prior to a Redemption Date if the notice is issued in connection with a satisfaction and discharge of the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In connection with any proposed transfer of this Security if this Security ceases to be a Global Security, the Company or DTC shall be required to provide or cause to be provided to the Trustee all information that is (i) available to the Company or the DTC, as applicable, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (iii) specifically and timely requested in writing by

the Trustee. Any transferor shall also provide or cause to be provided to the Trustee all information that is (i) available to such transferor, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, and (iii) specifically and timely requested by the Trustee. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Exhibit 4.2

AMERICAN WATER CAPITAL CORP.

OFFICERS' CERTIFICATE

FEBRUARY 23, 2024

5.450% SENIOR NOTES DUE 2054

PURSUANT TO SECTIONS 102 AND 301 OF THE INDENTURE IDENTIFIED BELOW

The undersigned officers of American Water Capital Corp., a Delaware corporation (the "Company"), acting pursuant to an authorization contained in the unanimous written consent, effective February 20, 2024, of the Board of Directors of the Company (the "Board Resolutions"), and Sections 102 and 301 of the Indenture, dated as of December 4, 2009 (the "Indenture", and unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them therein), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), do hereby certify as follows:

1) There is hereby established under the Indenture the following series of debt securities of the Company, and the terms of such series (the "Series") are as follows:

   a) The Series shall be known and designated as the "5.450% Senior Notes due 2054" of the Company (the "Securities");

   b) The terms of the Securities are as set forth in Annex A hereto;

   c) The Securities shall be redeemable at the option of the Company as specified and subject to the limitations set forth in Annex A hereto;

   d) The Securities shall not be entitled to the benefits of any sinking fund or analogous provisions;

   e) The covenants and definitions set forth in Article 8 and Article 10 of the Indenture apply to the Securities;

   f) The Securities shall be subject to defeasance as specified and subject to the limitations set forth in Annex A hereto;

   g) The Securities will be issued in the form of one or more fully registered Global Securities which are exchangeable from time to time for fully registered certificated securities in accordance with the terms of the Indenture; and

   h) The Company will not pay additional amounts on the Securities held by a non-U.S. person in respect of taxes or similar charges withheld or deducted;

2) The undersigned have read the provisions of the Indenture relating to the authentication and delivery of securities thereunder, including Sections 201, 301 and 303 thereof and the definitions relating thereto;

3) The undersigned have read the Board Resolutions authorizing the issuance of the Securities and the taking of any action by such officers of the Company in connection therewith, and have made such investigation or examination as is necessary, in the opinion of the undersigned, to enable the undersigned to express an informed opinion as to whether the covenants and conditions precedent to the action to be taken by the Trustee in authenticating and delivering Securities under the Indenture have been complied with;

4) In the opinion of the undersigned, such covenants and conditions precedent have been complied with; and

5) The Securities are "Debt" under the Support Agreement, dated June 22, 2000 and amended as of July 26, 2000, between American Water Works Company, Inc. and the Company.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Vice President and Treasurer

By: /s/ JEFFREY M. TAYLOR
Name: Jeffrey M. Taylor
Title: Secretary

ANNEX A

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

American Water Capital Corp.
5.450% Senior Notes due 2054

CUSIP No. 03040W BC8
ISIN No. US03040WBC82

No R. $

American Water Capital Corp., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on March 1, 2054, and to pay interest thereon from February 23, 2024 or from the most recent Interest Payment Date to which interest has been paid or as duly provided for semi-annually on March 1 and September 1, in arrears, commencing September 1, 2024, and on any earlier Redemption Date (as defined herein), at the rate of 5.450% per annum, until the principal hereof is paid or made available for payment. Interest on this Security shall be computed assuming a 360-day year consisting of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (i) with respect to any Global Security, by wire transfer of immediately available funds to the accounts specified by the Holder of such Global Security or (ii) with respect to any certificated Security, by wire transfer of immediately available funds to the respective accounts specified by the Holders of such certificated Security or, if no such account is specified, by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

AMERICAN WATER CAPITAL CORP.

By _____

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, N.A.,
As Trustee

By _____
Authorized Signatory

Dated:

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 4, 2009 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

The Company may from time to time, without the consent of the Holders, create and issue Additional Securities, so that each such further issue shall be consolidated and form a single series with the Outstanding Securities of this series.

All or a portion of the Securities of this series may be redeemed at the option of the Company at any time or from time to time (each, a "Redemption Date"). Prior to September 1, 2053 (the "Par Call Date"), the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming the Securities of this series matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 20 basis points less (b) interest accrued to the Redemption Date, and
- 100% of the principal amount of the Securities of this series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to that Redemption Date.

On or after the Par Call Date, the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

"*Treasury Rate*" means, with respect to any Redemption Date for the Securities of this series, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third business day preceding the Redemption Date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notices of redemption will be given in accordance with the Indenture at least 30 but not more than 60 days before a Redemption Date, except that redemption notices may be sent more than 60 days prior to a Redemption Date if the notice is issued in connection with a satisfaction and discharge of the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In connection with any proposed transfer of this Security if this Security ceases to be a Global Security, the Company or DTC shall be required to provide or cause to be provided to the Trustee all information that is (i) available to the Company or the DTC, as applicable, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (iii) specifically and timely requested in writing by

the Trustee. Any transferor shall also provide or cause to be provided to the Trustee all information that is (i) available to such transferor, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, and (iii) specifically and timely requested by the Trustee. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Exhibit 5.1

Morgan Lewis

February 23, 2024

American Water Works Company, Inc.
American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation ("AWW"), and American Water Capital Corp., a Delaware corporation (the "Company"), in connection with the issuance by the Company of $700,000,000 aggregate principal amount of its 5.150% Senior Notes due 2034 and $700,000,000 aggregate principal amount of its 5.450% Senior Notes due 2054 (together, the "Notes"), issued under the Indenture, dated as of December 4, 2009 (the "Indenture"), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Notes have the benefit of the Support Agreement, dated June 22, 2000, as amended as of July 26, 2000, between the Company and AWW (the "Support Agreement").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration Nos. 333-277166-01 and 333-277166) (the "Registration Statement"), which Registration Statement was filed jointly by the Company and AWW with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated February 20, 2024 (the "Prospectus Supplement") relating to the Notes, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Indenture; (4) the Support Agreement; (5) the certificate of incorporation of the Company; (6) the by-laws, as amended, of the Company; (7) the restated certificate of incorporation of AWW; (8) the amended and restated bylaws of AWW; and (9) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of payment for the Notes) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Notes and the Support Agreement, as it relates to the Notes, are valid and binding obligations of the Company and AWW, respectively, except as may be limited or affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies generally and general principles of equity.

Morgan, Lewis & Bockius LLP

101 Park Avenue
New York, NY 10178-0060
United States

T +1.215.309.6000
F +1.215.309.6001

In rendering the foregoing opinion, we have assumed that the certificates representing the Notes conform to specimens examined by us and that the Notes have been duly authenticated, in accordance with the Indenture, by the Trustee under the Indenture and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the reference to us under the heading "Legal Matters" in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading "Legal Matters" in the Base Prospectus, and to the filing of this opinion as an exhibit to AWW's Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ Morgan, Lewis & Bockius LLP

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 2, 2024

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry Into a Material Definitive Agreement.

Amendment of Secured Seller Note Agreement and Related Documentation

On February 2, 2024, American Water Enterprises, LLC, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company") and as lender ("Lender") under that certain Secured Seller Note Agreement, dated December 9, 2021, and related secured promissory note (collectively, the "Secured Seller Note"), issued by Lakehouse Buyer Inc., as borrower (the "Borrower") and an indirect, wholly owned subsidiary of funds advised by Apax Partners LLP ("Apax"), together with the other parties to the Secured Seller Note, have amended certain of the terms and conditions of the Secured Seller Note and related transaction documentation (as amended, the "Amended Secured Seller Note"). The Secured Seller Note was originally issued as part of the approximately $1.275 billion aggregate consideration received by the Company for the sale of all of the equity interests in entities comprising the Company's former Homeowner Services Group ("HOS").

With an affiliate of the Borrower having entered into an extension of its service line protection program agreements with the New York City Water Board, the parties have amended the Secured Seller Note to increase the principal amount from $720 million to $795 million (the "Loan"), in full satisfaction of the Borrower's requirement to make the contingent cash payment of $75 million to Lender as required under the terms of the HOS sale agreement (the "HOS Contingent Payment"). In addition, the annual interest rate payable on the Secured Seller Note has increased from 7.00% per year to 10.00% per year until maturity, and certain affirmative and negative covenants in the Secured Seller Note have been amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the parties have amended the Secured Seller Note to eliminate Lender's conditional right, beginning December 9, 2024, to require the Borrower to repay 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations under the Secured Seller Note without premium or penalty (the "Lender Put Option"). The final maturity date of the Amended Secured Seller Note remains December 9, 2026.

The amendments are intended for the Secured Seller Note to reflect the current interest rate environment and to enhance the Company's overall credit protection thereunder, while providing the Borrower with greater certainty of financing by eliminating the Lender Put Option. Also, the satisfaction of the Borrower's contingent cash payment through the Amended Secured Seller Note is intended to facilitate a proposed acquisition of a complementary business by the Borrower (the "Borrower Acquisition"), upon consummation of which Apax will contribute or cause to be contributed approximately $87 million of additional equity capital to the Borrower; however, if the Borrower Acquisition is not completed on or before May 2, 2024 (the "Compliance Date"), then (i) Apax will make or cause to be made no later than the Compliance Date an additional equity contribution to the Borrower of $50 million, and (ii) within three business days of the Compliance Date, the Borrower will repay to Lender in cash the $75 million of additional principal under the Amended Secured Seller Note, without premium or penalty, reflecting the payment and satisfaction in full of the HOS Contingent Payment.

In addition to the relationships described herein, a description of certain relationships between the Company or its affiliates, on the one hand, and one or more of the other parties to the Amended Secured Seller Note (or their affiliates), on the other hand, which were entered into at or in connection with the execution of the Secured Seller Note and the sale of HOS, was included in the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on December 9, 2021, and is deemed incorporated in this Item 1.01 by reference.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the ability of Lender to receive amounts due, payable and owing from time to time under the Amended Secured Seller Note, including without limitation the Loan and all accrued and unpaid interest and other amounts thereunder, (2) the Borrower's ability to grow the HOS business and/or consummate the Borrower Acquisition by the Compliance Date; and (3) various other

risks and uncertainties.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
10.1.1	Secured Seller Note Agreement, dated as of December 9, 2021, by and among Lender, the Borrower and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.1.2*	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lender, the Borrower and the other parties thereto.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 5, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Exhibit 10.1.2

Execution Version

AMENDMENT NO. 1 TO SECURED SELLER NOTE AGREEMENT

This AMENDMENT NO. 1 TO SECURED SELLER NOTE AGREEMENT, dated as of February 2, 2024 (this "Amendment"), is entered into by and among Lakehouse BidCo Inc., a Delaware corporation ("Holdings"), Lakehouse Buyer Inc., a Delaware corporation (the "Borrower"), each Subsidiary Guarantor party hereto and American Water Enterprises, LLC, a Delaware limited liability company (the "Lender").

RECITALS

WHEREAS, the Borrower, Holdings, the Subsidiary Guarantors and the Lender have entered into that certain Secured Seller Note Agreement, dated as of December 9, 2021 (as supplemented by that certain Joinder Agreement, dated as of January 6, 2022, as modified by that certain Limited Waiver, dated as of April 27, 2022, and as further amended, extended, restated, amended and restated, replaced, supplemented or otherwise modified from time to time prior to the date hereof, the "Seller Note Agreement"; the Seller Note Agreement, as amended by this Amendment, the "Amended Seller Note Agreement");

WHEREAS, the Borrower and the Lender are parties to the Purchase Agreement, pursuant to which the Borrower, as the Purchaser thereunder, is, as of the date hereof, liable (without defense or offset) for the Delayed Payment (as defined in the Purchase Agreement) to the Lender, as a Seller thereunder, in an aggregate amount of $75,000,000, in accordance with Section 2.7 of the Purchase Agreement;

WHEREAS, the Borrower has requested that, in lieu of making the Delayed Payment in accordance with and pursuant to the terms of the Purchase Agreement, the Borrower shall agree with the Lender to increase the aggregate principal amount of the Loan by $75,000,000 (which is the amount of the Delayed Payment) to an aggregate principal amount of $795,000,000;

WHEREAS, Section 8.02 of the Seller Note Agreement provides that Holdings, the Borrower and the Lender may amend provisions of the Seller Note Agreement pursuant to an agreement in writing; and

WHEREAS, the Borrower and Holdings have requested that the Lender consent to the amendments to the Seller Note Agreement as set forth in Section 3 below.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Holdings, the Borrower, the Subsidiary Guarantors and the Lender hereby agree as follows:

Section 1. Defined Terms; References. Unless otherwise specifically defined herein, each capitalized term used herein which is defined in the Amended Seller Note Agreement has the meaning assigned to such term in the Amended Seller Note Agreement. The rules of construction specified in Section 1.02 of the Amended Seller Note Agreement also apply to this Amendment.

Section 2. The Upsize. Subject to the terms and conditions set forth herein, on the Amendment No. 1 Effective Date (as defined below), the parties hereto agree that the aggregate principal amount of the Loan shall be increased by $75,000,000 (which is the amount of the Delayed Payment) to an aggregate principal amount of $795,000,000 in accordance with, and as contemplated by, Section 2.01 of the Amended Seller Note Agreement.

Section 3. Amendments to the Seller Note Agreement.

(a) With effect from and after the Amendment No. 1 Effective Date, the Seller Note Agreement is hereby amended in accordance with Exhibit A hereto by deleting the stricken text

(indicated textually in the same manner as the following example: ~~stricken text~~) and inserting the double-underlined text (indicated textually in the same manner as the following example: double-underlined text), in each case in the place where such text appears therein.

(b) On and after the Amendment No. 1 Effective Date, the rights and obligations of the parties to the Seller Note Agreement shall be governed by the Amended Seller Note Agreement.

Section 4. Conditions to Effectiveness. This Amendment shall become effective as of the first date (the "Amendment No. 1 Effective Date") on which the following conditions have been satisfied or waived:

(a) The Lender (or its counsel) shall have received (i) from each Loan Party, either (A) a counterpart of this Amendment signed on behalf of such Loan Party or (B) written evidence satisfactory to the Lender (which may include facsimile or other electronic transmissions of signed signature pages) that such parties have signed counterparts of this Amendment, (ii) an executed copy of the Specified 2024 Acquisition Agreement and (iii) an executed copy of the Amended and Restated Promissory Note, dated as of the Amendment No. 1 Effective Date, which amends and restates the Promissory Note executed on the Closing Date.

(b) The Lender shall have received customary written opinions of (i) Simpson Thacher & Bartlett LLP, New York counsel for Holdings, the Borrower and each other Loan Party and (ii) McGuireWoods LLP, special Virginia counsel for Holdings, the Borrower and each other Loan Party, in each case, (A) dated the Amendment No. 1 Effective Date and (B) addressed to the Lender.

(c) The Lender shall have received (i) a certificate of each Loan Party, dated the Amendment No. 1 Effective Date, executed by a Responsible Officer of each Loan Party and substantially in the form of Exhibit E to the Seller Note Agreement (the "Secretary's Certificate"), and (ii) a certificate of good standing (or equivalent) from the relevant office of each Loan Party's jurisdiction of organization (to the extent relevant, customary and available in the jurisdiction of incorporation, formation or organization of each Loan Party); provided that, with respect to the operating agreements or bylaws to be attached as Exhibit C to the Secretary's Certificate, in lieu of attaching the requisite documents or agreements, the Secretary's Certificate may instead certify that there has been no changes to such documents of such Loan Party attached as Exhibit C to the secretary's certificate delivered on the Closing Date (except as otherwise attached to the Secretary's Certificate and certified therein as being the only amendments thereto as of such date).

(d) The Lender shall have received a certificate dated as of the Amendment No. 1 Effective Date in substantially the form of Exhibit F to the Seller Note Agreement from a Financial Officer of the Borrower certifying as to the matters set forth therein after giving effect to this Amendment.

(e) Prior to or substantially concurrently with the Amendment No. 1 Effective Date, the Specified 2024 Acquisition Agreement shall have been executed by the parties thereto.

(f) All customary confirmatory due diligence on the Loan Parties shall have been completed by the Lender, the results of which shall be satisfactory to the Lender.

(g) The Lender shall have received a customary closing certificate, dated as of the Amendment No. 1 Effective Date and signed by a Responsible Officer of the Borrower, (i) certifying as to (A) compliance with Section 5 of this Amendment and (B) satisfaction of the

condition precedent set forth in Section 4(e) of this Amendment and (ii) (A) setting forth the Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis after giving effect to this Amendment and the transactions contemplated hereby) as of the last day of the Test Period most recently ended prior to the Amendment No. 1 Effective Date and (B) to the extent Indebtedness incurred under any basket in Section 6.01 of the Amended Seller Note Agreement exceeds $2,500,000 as of the last day of the most recently ended Fiscal Quarter prior to the Amendment No. 1 Effective Date, identifying the section reference of such basket and the amount of Indebtedness incurred thereunder as of such date.

(h) The Borrower shall have paid all reasonable and documented out-of-pocket fees and expenses incurred in connection with this Amendment and the transactions contemplated hereby, including legal fees and expenses invoiced by Shearman & Sterling LLP (in its capacity as legal counsel to the Lender) at least two Business Days prior to the Amendment No. 1 Effective Date.

Section 5. Representations and Warranties. Each Loan Party represents and warrants to the Lender, as of the Amendment No. 1 Effective Date and after giving effect to this Amendment:

(a) each of the representations and warranties contained in the Loan Documents are true and correct in all material respects (provided that any representation or warranty that is qualified by materiality or Material Adverse Effect shall be true and correct in all respects) on and as of the Amendment No. 1 Effective Date, with the same effect as though made on and as of such date; except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any representation or warranty qualified by materiality or Material Adverse Effect, in all respects) on and as of such earlier date;

(b) the transactions contemplated by this Amendment are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders;

(c) this Amendment has been duly executed and delivered by each Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing;

(d) the execution and delivery of this Amendment by each Loan Party party hereto, the performance by such Loan Party hereof and the transactions contemplated by this Amendment (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (A) such as have been obtained or made and are in full force and effect, (B) for filings necessary to perfect Liens created pursuant to the Loan Documents and (C) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which could not be reasonably expected to have a Material Adverse Effect, (ii) will not violate (1) any Loan Party's Organizational Documents or (2) any Requirement of Law applicable to Holdings or the Borrower which, in the case of this clause (ii)(2), could reasonably be expected to have a Material Adverse Effect, and (iii) will not violate or result in a default under any material Contractual Obligation of any of the Loan Parties which violation or default could reasonably be expected to result in a Material Adverse Effect;

(e) as of the Amendment No. 1 Effective Date, immediately prior to giving effect to this Amendment, (i) no Default or Event of Default has occurred and is continuing, and (ii)

immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing;

(f) since the Closing Date, there has been no event or condition that has resulted, or would reasonably be expected to result, in a Material Adverse Effect;

(g) as of the Amendment No. 1 Effective Date, all information (other than (i) forecasts, financial estimates, other forward-looking information and/or (ii) projected information and information of a general economic or industry-specific nature) concerning Holdings and the Borrower that was prepared by or on behalf of Holdings or the Borrower or their respective representatives and made available to the Lender in connection with the transactions contemplated hereby on or before the Amendment No. 1 Effective Date, when taken as a whole, did not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto from time to time prior to the Amendment No. 1 Effective Date);

(h) as of the Amendment No. 1 Effective Date, immediately after giving effect to the transactions contemplated hereby, (i) the sum of the debt (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, does not exceed the fair value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, (ii) the present fair saleable value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not less than the amount that will be required to pay the probable liabilities (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, on their debts as they become absolute and matured, (iii) the capital of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not unreasonably small in relation to the business of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, contemplated as of the Amendment No. 1 Effective Date, and (iv) Holdings and its Subsidiaries, on a consolidated basis taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debts as they mature in the ordinary course of business. For purposes of the foregoing determination, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability; and

(i) on the Amendment No. 1 Effective Date, not more than 25% of the value of the assets of Holdings, and its Subsidiaries, taken as a whole, is represented by Margin Stock.

Section 6. Further Acknowledgments.

(a) The Borrower acknowledges and agrees that (A) (i) it shall be liable for all Obligations (for the avoidance of doubt, after giving effect to the transactions contemplated hereby) with respect to the Loan provided hereby and (ii) all such Obligations shall be entitled to the benefits of the Collateral Documents and the Loan Guaranty, (B) after giving effect to this Amendment, the Collateral Documents continue to be in full force and effect and affirms and confirms the pledge of and/or grant of security interest in its assets as Collateral to secure the Obligations, which continue in full force and effect and (C) the Obligations, together with all fees, costs, expenses and other charges due and owing by the Borrower to the Lender under the Loan Documents as of the date hereof are unconditionally owing by the Borrower to the Lender, without offset, defense or counterclaim of any kind, nature or description whatsoever.

(b) Each Loan Guarantor acknowledges and agrees to each of the provisions of this Amendment and to the incurrence of the Loan to be made or provided pursuant hereto. Each Loan Guarantor acknowledges and agrees that all Obligations with respect to the Loan provided hereby and made available pursuant hereto shall (i) be fully guaranteed pursuant to the Loan Guaranty as, and to the extent, provided herein and in the Amended Seller Note Agreement, (ii) be entitled to the benefits of the Loan Documents as, and to the extent, provided herein and in the Amended Seller Note Agreement and (iii) after giving effect to this Amendment, agrees that the Loan Guaranty and the Collateral Documents continue to be in full force and effect and affirms and confirms its guarantee of the Obligations and the pledge of and/or grant of security interest in its assets as Collateral to secure the Obligations, which continue in full force and effect and shall accrue to the benefit of the Lender and shall not be affected, impaired or discharged hereby or by the transactions contemplated by this Amendment.

(c) Each of the Borrower and each Loan Guarantor hereby acknowledges and agrees that neither the modification of the Seller Note Agreement effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred.

Section 7. Governing Law. (a) THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. SECTIONS 8.10 AND 8.11 OF THE SELLER NOTE AGREEMENT ARE HEREBY INCORPORATED *MUTATIS MUTANDIS* AND SHALL APPLY HERETO.

Section 8. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity and enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9. Miscellaneous.

(a) This Amendment may be manually or electronically executed in counterparts (and by different parties hereto on different counterparts (including by facsimile or electronic transmission (including .pdf file, .jpeg file, Adobe Sign, or DocuSign))), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment, the other Loan Documents and any separate letter agreements with respect to fees payable to the Lender constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Amendment shall become effective when it shall have been executed by Holdings, the Borrower, the other Subsidiaries of Holdings party hereto and the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or by email as a ".pdf" or ".tif" attachment shall be effective as delivery of a manually executed counterpart of this Amendment.

(b) The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 10. Effect of Amendment.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of, the Lender under the Seller Note Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Seller Note Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. The parties hereto acknowledge and agree that this Amendment shall not constitute a novation of the Seller Note Agreement and the other Loan Documents as in effect prior to the Amendment No. 1 Effective Date or serve to effect a novation of the Obligations outstanding under the Seller Note Agreement or instruments guaranteeing or securing the same, which instruments shall remain and continue in full force and effect. Nothing herein shall be deemed to establish a precedent for purposes of interpreting the provisions of the Seller Note Agreement or entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Seller Note Agreement or any other Loan Document in similar or different circumstances. This Amendment shall apply to and be effective only with respect to the provisions of the Seller Note Agreement and the other Loan Documents specifically referred to herein.

(b) On and after the First Amendment Effective Date, each reference in the Seller Note Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Seller Note Agreement, "thereunder", "thereof", "therein" or words of like import in any other Loan Document, shall be deemed a reference to the Amended Seller Note Agreement. This Amendment shall constitute a "Loan Document" for all purposes of the Seller Note Agreement and the other Loan Documents.

Section 11. Full Satisfaction of the Obligation to Pay the Delayed Payment. Effective as of the Amendment No. 1 Effective Date, the Lender, on behalf of itself and American Water (USA), LLC ("American Water USA"), hereby acknowledges and agrees that this Amendment shall constitute the full satisfaction by the Borrower of its obligations to the Lender and American Water USA to make the Delayed Payment set forth in Section 2.7 of the Purchase Agreement, and further acknowledges and agrees that, effective as of the Amendment No. 1 Effective Date, it and American Water USA shall not have any further rights, and the Borrower shall not have any further liability or obligation to the Lender and American Water USA, to make or require the payment of the Delayed Payment pursuant to Section 2.7 of the Purchase Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their officers as of the date first above written.

LAKEHOUSE BIDCO INC.,
as Holdings

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

LAKEHOUSE BUYER INC.,
as the Borrower

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

PIVOTAL HOME SOLUTIONS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES HOLDINGS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES OF TEXAS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES OF FLORIDA, LLC
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER ENTERPRISES, LLC, as the Lender

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Assistant Treasurer

[Signature Page to Amendment No. 1]

Exhibit A

[*See attached*]

~~**EXECUTION VERSION**~~

EXHIBIT A

MARKED VERSION REFLECTING CHANGES
PURSUANT TO AMENDMENT NO. 1
ADDED TEXT SHOWN **UNDERSCORED**
DELETED TEXT SHOWN ~~**STRIKETHROUGH**~~

SECURED SELLER NOTE AGREEMENT

dated as of December 9, 2021~~,~~ and as amended by
Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024

among

LAKEHOUSE BIDCO INC.,
as Holdings,

LAKEHOUSE BUYER INC.,
as the Borrower,

THE SUBSIDIARIES OF
HOLDINGS FROM TIME TO TIME PARTY HERETO,
as Guarantors

and

AMERICAN WATER ENTERPRISES, LLC,
as Lender

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EXHIBITS:

Exhibit A – Form of Compliance Certificate
Exhibit B – Form of Joinder Agreement
Exhibit C – Form of Promissory Note
Exhibit D-1 – Form of Legal Opinion of Simpson Thacher & Bartlett LLP
Exhibit D-2 – Form of Legal Opinion of Virginia Counsel
Exhibit E – Form of Secretary's Certificate
Exhibit F – Form of Solvency Certificate
Exhibit G – Form of Global Intercompany Note
Exhibit H – Form of Pledge and Security Agreement

SCHEDULES AND EXHIBITS OMITTED FROM FILING

The foregoing schedules and exhibits to this Secured Seller Note Agreement have been omitted from this Exhibit 10.1.2 pursuant to Instruction 4 to Item 1.01 of Form 8-K. American Water Works Company, Inc. will provide a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission upon request.

SECURED SELLER NOTE AGREEMENT, dated as of December 9, 2021 (this "**Agreement**"), by and among Lakehouse BidCo Inc., a corporation organized under the laws of the State of Delaware ("**Holdings**"), Lakehouse Buyer Inc., a corporation organized under the laws of the State of Delaware (the "**Borrower**"), the SUBSIDIARIES of Holdings from time to time party hereto as guarantors, and American Water Enterprises, LLC, a limited liability company organized under the laws of Delaware (the "**Lender**"), as the lender.

RECITALS

Pursuant to the Purchase Agreement and subject to the terms and conditions thereof, the Lender (in its capacity as a Seller under the Purchase Agreement) and the other Sellers have agreed to sell the Units (as defined in the Purchase Agreement) to the Borrower (acting in its capacity as the Purchaser under the Purchase Agreement);

Pursuant to the Purchase Agreement and subject to the terms and conditions thereof, (i) the Purchase Price (as defined in the Purchase Agreement) to be paid by the Purchaser to the Sellers for the Units is to be comprised of the Cash Purchase Price (as defined in the Purchase Agreement) and the Seller Note Amount, (ii) that portion of the Purchase Price constituting the Cash Purchase Price is to be paid in cash by the Purchaser to the Sellers substantially contemporaneously with Closing (as defined in the Purchase Agreement) and (iii) that portion of the Purchase Price constituting the Seller Note Amount is to be paid by the Purchaser to the Sellers in accordance with the terms of the Seller Note (as defined in the Purchase Agreement); and

This Agreement constitutes the Seller Note under and as defined in the Purchase Agreement and, *inter alia*, sets forth the terms and conditions under which the Purchaser (in its capacity as the Borrower hereunder) is to pay the Seller Note Amount (in the form of the "Loan" under this Agreement) to the Lender (in its capacity as a Seller under the Purchase Agreement and acting hereunder on its own behalf in such capacity and on behalf of the other Sellers under the Purchase Agreement).

Accordingly, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"**Acceptable Intercreditor Agreement**" means (a) to the extent executed in connection with the incurrence of secured Indebtedness incurred by a Loan Party, the Liens on the Collateral securing which are intended to rank equal in priority to the Liens on the Collateral securing the Obligations, the Closing Date Intercreditor Agreement and (b) to the extent executed in connection with the incurrence of secured Indebtedness incurred by a Loan Party, the Liens on the Collateral securing which are intended to rank junior in priority to the Liens on the Collateral securing the Obligations, at the option of the Borrower and the Lender acting together in good faith, a customary intercreditor agreement in form and substance reasonably acceptable to the Lender and the Borrower, which agreement shall provide that the Liens on the Collateral securing such Indebtedness shall rank junior in priority to the Liens on the Collateral securing the Obligations.

"**Acquired EBITDA**" means, with respect to any Acquired Entity or Business for any period, the amount for such period of Consolidated Adjusted EBITDA of such Acquired Entity or Business (determined as if references to Holdings and its Subsidiaries in the definition of the term "Consolidated

Adjusted EBITDA" were references to such Acquired Entity or Business), as determined on a consolidated basis for such Acquired Entity or Business in accordance with GAAP.

"**Acquired Entity or Business**" has the meaning assigned to such term in the definition of "Consolidated Adjusted EBITDA."

"**Adverse Proceeding**" means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of Holdings or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign (including any Environmental Claims), whether pending or, to the knowledge of Holdings, threatened in writing against or affecting Holdings or any of its Subsidiaries or any property of Holdings or any of its Subsidiaries.

"**Affiliate**" means, as applied to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with, that Person and shall include any Person that directly or indirectly owns 10% or more of any class of Capital Stock of the Person specified. None of the Lender or any of its Affiliates shall be considered an Affiliate of Holdings or any subsidiary thereof.

"**Agreement**" has the meaning assigned to such term in the preamble to this Agreement.

"**Amendment No. 1**" shall mean Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Holdings, the Borrower, the Subsidiary Guarantors party thereto and the Lender.

"**Amendment No. 1 Effective Date**" shall have the meaning given to such term in Amendment No. 1.

"**Anti-Corruption Laws**" means Requirements of Law relating to antibribery or anti-corruption (governmental or commercial), including, without limitation, laws that prohibit the corrupt payment, offer, promise, or authorization of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any foreign government official, foreign government employee, person or commercial entity to obtain a business advantage, or the offer, promise, or gift of, or the request for, agreement to receive or receipt of a financial or other advantage to induce or reward the improper proper performance of a relevant function or activity; such as, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended from time to time, and all laws enacted to implement the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions applicable in the United States.

"**Anti-Terrorism Laws**" means Requirements of Law relating to terrorism or money laundering in the United States, including the Executive Order, the USA PATRIOT Act, together with all rules, regulations and interpretations thereunder or related thereto.

"**Applicable Premium**" means, with respect to the principal amount of the Loan being prepaid or repaid, as the case may be, on any applicable payment date, the excess, if any, of (i) the sum of (A) (x) for any applicable payment date during the period from the Closing Date until (and including) the first anniversary thereof, 107.5% of the principal amount of the Loan being prepaid or repaid, (y) for any applicable payment date during the period from (but not including) the first anniversary of the Closing Date until (and including) the second anniversary of the Closing Date, 106.5% of the principal amount of the Loan being prepaid or repaid, and (z) for any applicable payment date during the period after the second anniversary of the Closing Date, 105.5% of the principal amount of the Loan being prepaid or repaid, plus (B) the present value at such payment date of the sum of all required remaining scheduled interest payments due (including, if applicable, any default interest that may be applicable at the time of repayment or prepayment) on the principal amount of the Loan being repaid or prepaid through the

Maturity Date (excluding accrued but unpaid interest to such payment date), with such present value computed using a discount rate equal to the then-current U.S. Treasury Note yield corresponding closest to the remaining weighted average life on such repaid or prepaid amount calculated at the time of the prepayment plus 0.50% per annum over (ii) the then outstanding principal amount of the Loan being repaid or prepaid (for the avoidance of any doubt, in the event the Applicable Premium is payable pursuant to Article 7, for purpose of calculating the Applicable Premium, the Maturity Date used for any such calculation shall be as such term is defined in this Article 1). The Applicable Premium shall be calculated by the Lender or on behalf of the Lender by such Person as the Lender shall designate in its reasonable discretion and such calculation shall be deemed conclusive for all purposes hereunder absent manifest error.

~~"**Available Equity Amount**" means, at any applicable time (the "**Available Equity Amount Reference Time**"), an amount (which shall not be less than zero) equal at such time to (a) the aggregate amount of cash contributed to the capital of Holdings or the cash proceeds received by Holdings from the issuance of any Qualified Capital Stock (or incurrence of Indebtedness that has been converted into or exchanged for Qualified Capital Stock of Holdings), in each case during the period from and including the Business Day immediately following the Closing Date through and including the Available Equity Amount Reference Time, but excluding all proceeds from the issuance of Disqualified Capital Stock minus (b) the sum, without duplication, and, without taking into account the proposed portion of the Available Equity Amount calculated above to be used at the applicable Available Equity Amount Reference Time, of (i) the aggregate amount of any Investments made by Holdings or any Subsidiary using the Available Equity Amount pursuant to Section 6.05(t) after the Closing Date and prior to the Available Equity Amount Reference Time, (ii) the aggregate amount of any Restricted Payments made by Holdings or any Subsidiary using the Available Equity Amount pursuant to Section 6.04(a)(vii) after the Closing Date and prior to the Available Equity Amount Reference Time and (iii) the aggregate amount of Restricted Debt Payments made by Holdings or any Subsidiary using the Available Equity Amount pursuant to Section 6.04(c)(iv)(C) after the Closing Date and prior to the Available Equity Amount Reference Time. For the avoidance of any doubt, no cash contributed to the capital of Holdings (whether as a result of the issuance of Capital Stock or otherwise) in connection with the Transactions shall constitute any portion of the Available Equity Amount.~~

~~"**Available Equity Amount Reference Time**" shall have the meaning given to such term in the definition of the term "Available Equity Amount."~~

"**Bankruptcy Code**" means Title 11 of the U.S. Code (11 U.S.C. § 101 et seq.).

"**Board**" means the Board of Governors of the Federal Reserve System of the U.S.

"**Board of Directors**" means, with respect to any Person, (a) in the case of any corporation, the board of directors of such Person or any committee thereof duly authorized to act on behalf of such board, (b) in the case of any limited liability company, the board of managers, board of directors, manager or managing member of such Person or the functional equivalent of the foregoing, (c) in the case of any partnership, the board of directors, board of managers, manager or managing member of a general partner of such Person or the functional equivalent of the foregoing and (d) in any other case, the functional equivalent of the foregoing.

"**Borrower**" shall have the meaning given to such term in the preamble hereto.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"**Business Optimization Initiative**" has the meaning assigned to such term in the definition of Consolidated Adjusted EBITDA.

"**Call Protection Termination Date**" has the meaning assigned to such term in Section 2.03(a).

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing, but excluding for the avoidance of doubt any Indebtedness convertible into or exchangeable for any of the foregoing.

"**Cash**" means money, currency or a credit balance in any demand account or deposit account. For the avoidance of doubt, and in respect of any financial covenant or ratio, the amount of Cash at any time shall be determined in accordance with GAAP.

"**Cash Equivalents**" means, as at any date of determination,

(a) readily marketable securities (i) issued or directly and unconditionally guaranteed or insured as to interest and principal by the government of the U.S., Canada, the United Kingdom or any member nation of the European Union rated at least A-2 from S&P or at least P-2 from Moody's (or, if at any time either S&P or Moody's is not rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) or (ii) issued by any agency or instrumentality of any of the foregoing, the obligations of which are backed by the full faith and credit of the U.S., Canada, the United Kingdom or any such member nation of the European Union, as applicable, in each case having average maturities of not more than 24 months from the date of acquisition thereof and, in each case, repurchase agreements and reverse repurchase agreements relating thereto;

(b) readily marketable direct obligations issued by any state, commonwealth or territory of the U.S. or any political subdivision, taxing authority or any public instrumentality thereof or by any foreign government, in each case having average maturities of not more than 24 months from the acquisition thereof and having, at the time of the acquisition thereof, a rating of at least A-2 from S&P or at least P-2 from Moody's (or, if at any time either S&P or Moody's is not rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) or otherwise having an investment grade rating from S&P or Moody's and, in each case, repurchase agreements and reverse repurchase agreements relating thereto;

(c) commercial paper and variable fixed rate notes having average maturities of not more than 24 months from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-2 from S&P or at least P-2 from Moody's (or, if at any time either S&P or Moody's is not rating such obligations, an equivalent rating from another nationally recognized statistical rating agency);

(d) deposits, money market deposits, time deposit accounts, certificates of deposit or bankers' acceptances (or similar instruments) maturing within one year after such date and issued or accepted by the Lender or by any bank organized under, or authorized to operate as a bank under, the laws of the U.S., any state thereof or the District of Columbia or any political

subdivision thereof and that has capital and surplus of not less than $100,000,000 and, in each case, repurchase agreements and reverse repurchase agreements relating thereto;

(e) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank having capital and surplus of not less than $500,000,000; and

(f) marketable short-term money market and similar highly liquid funds (i) having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time either S&P or Moody's is not rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) or (ii) having assets in excess of (x) $500,000,000 in the case of U.S. banks or other U.S. financial institutions and (y) $250,000,000 (or the dollar equivalent as of the date of determination) in the case of non-U.S. banks or other non-U.S. financial institutions.

"**Casualty/Condemnation Event**" means any event that gives rise to the receipt by Holdings or any Subsidiary of any Cash payments or proceeds (i) under any casualty insurance policy in respect of a covered loss thereunder of any assets of Holdings or any of its Subsidiaries or (ii) as a result of the taking of any assets of Holdings or any of its Subsidiaries by any Person pursuant to the power of eminent domain, expropriation, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking.

"**CFC**" means a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"**Change of Control**" means the earliest to occur of:

(a) at any time prior to a Qualifying IPO, the Permitted Holders ceasing to beneficially own, either directly or indirectly, Capital Stock representing more than 50.0% of the total voting power of all of the outstanding Voting Stock of Holdings unless the Permitted Holders otherwise have the right (pursuant to contract, proxy or otherwise), directly or indirectly, to designate, nominate or appoint (and do so designate, nominate or appoint) directors of Holdings having a majority of the aggregate votes on the Board of Directors (or functional equivalent thereof) of Holdings, so long as for purposes of this clause (a), the Sponsor shall either directly or indirectly control at least 30% of the outstanding voting equity interests of Holdings;

(b) at any time on or after a Qualifying IPO, the acquisition by any Person or group, including any group acting for the purpose of acquiring, holding or disposing of Securities, other than one or more Permitted Holders, of Capital Stock representing more than the greater of (i) 35.0% of the total voting power of all of the outstanding Voting Stock of Holdings and (ii) the percentage of the total voting power of all of the outstanding Voting Stock of Holdings owned, directly or indirectly, beneficially by the Permitted Holders unless the Permitted Holders otherwise have the right (pursuant to contract, proxy or otherwise), directly or indirectly, to designate, nominate or appoint (and do so designate, nominate or appoint) directors of Holdings having a majority of the aggregate votes on the Board of Directors (or functional equivalent thereof) of Holdings; or

(c) the Borrower ceases to be a direct Wholly-Owned Subsidiary of Holdings.

For purposes of this definition including other defined terms used herein in connection with this definition and notwithstanding anything to the contrary in this definition or any provision of

Section 13(d)-3 or 13(d)-5 of the Exchange Act, (i) "beneficial ownership" shall be as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act as in effect on the date hereof and (ii) the words "Person" and "group" shall be within the meaning of Section 13(d) or 14(d) of the Exchange Act.

For purposes of this definition and any related definition to the extent used for purposes of this definition, at any time when 50.0% or more of the total voting power of the Voting Stock is directly or indirectly owned by parent holding companies, all references to Holdings shall be deemed to refer to its ultimate parent holding company (but excluding any Permitted Holder) that directly or indirectly owns such Voting Stock.

"**Closing Date**" means December 9, 2021.

"**Closing Date Intercreditor Agreement**" means that certain First Lien Intercreditor Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the Lender, as First Lien Agreement Lender (as defined therein), Bank of America, N.A., as PR Authorized Representative and Initial Additional Authorized Representative (each as defined therein), and each additional authorized representative and collateral agent from time to time party thereto (as may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Collateral**" means any and all property of a Loan Party subject to a Lien under the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that is or becomes subject to a Lien pursuant to the Collateral Documents to secure the Obligations.

"**Collateral Documents**" means, collectively, the Pledge and Security Agreement, the Mortgages (if any) and each other Collateral Document described on Schedule 5.14 and any other documents granting a Lien upon the Collateral as security for payment of the Obligations pursuant to the terms hereof or any other Loan Document.

"**Compliance Certificate**" means a Compliance Certificate substantially in the form of Exhibit A.

"**Confidential Information**" has the meaning assigned to such term in Section 8.13(a).

"**Consolidated Adjusted EBITDA**" means, for any period, an amount determined for Holdings and its Subsidiaries on a consolidated basis equal to the total of (a) Consolidated Net Income for such period *plus* (b) the sum, without duplication, of (to the extent deducted in calculating Consolidated Net Income, other than in respect of clauses (v), (viii) and (ix) below) the amounts of:

(i) total interest expense (including non-cash interest expense) and, to the extent not reflected in such total interest expense, any losses on obligations under hedging and similar agreements or other derivative instruments entered into for the purpose of hedging interest rate risk, net of interest income and gains on such hedging and similar agreements or such derivative instruments, bank and letter of credit fees, amortization of deferred financing fees or costs and costs of surety bonds in connection with financing activities;

(ii) (A) Taxes paid (including pursuant to any Tax sharing arrangements) and provisions for Taxes (including changes in valuation allowances for deferred tax assets) of Holdings and its Subsidiaries, including, in each case federal, state, provincial, territorial, local, foreign, unitary,

income, capital, franchise, excise, property, value added, withholding and similar Taxes (including in respect of repatriated funds) and (B) any penalties and interest related to such Taxes or arising from any tax examinations paid or accrued during such period;

(iii) total depreciation and amortization expense;

(iv) other non-Cash charges, losses or expenses (including, if applicable, any excess of rent expense over actual cash rent paid due to the use of straight line rent for GAAP purposes); provided that if any such non-Cash charge, loss or expense represents an accrual or reserve for potential Cash items in any future period, (A) Holdings may determine not to add back such non-Cash charge, loss or expense in the current period and (B) to the extent Holdings does decide to add back such non-Cash charge, loss or expense, the Cash payment in respect thereof in such future period shall be subtracted from Consolidated Adjusted EBITDA in the period in which such payment is made;

(v) the amount of any expense or deduction associated with any Subsidiary of Holdings attributable to non-controlling interests or minority or other interests of third parties;

(vi) (A) the amount of any portion of management, monitoring, consulting, transaction and advisory fees (including any subsequent transaction, exit or termination fee), (B) the amount of indemnities and related expenses actually paid by or on behalf of, or accrued by, Holdings or any of its Subsidiaries to the Investors (or their Affiliates or management companies) to the extent permitted under this Agreement and (C) the amount of fees, expenses and indemnities paid to directors, including of Holdings or any direct or indirect parent thereof; provided, that the aggregate amount of any adjustments made pursuant to clause (A) of this clause (vi) shall not exceed in the aggregate 2.0% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such adjustments);

(vii) the amount of any costs, charges, accruals, reserves or expenses in connection with a single or one-time event, including in connection with the Transactions, any acquisition or any other Investment, in each case, permitted hereunder and consummated or unconsummated after the Closing Date (including, without limitation, legal, accounting and other professional fees and expenses incurred in connection with any acquisition or other Investments);

(viii) the pro forma "run rate" expected cost savings, operating improvements and expense reductions and other synergies (net of the amount of actual amounts realized and, solely in the case of the Transactions, with such other synergies to be limited to cost synergies) (collectively, "**Expected Run Rate Benefit**") reasonably identifiable and factually supportable (in the good faith determination of a Financial Officer of the Borrower) related to the Transactions or any asset sales, mergers or other business combinations, acquisitions, Investments, Dispositions or divestitures, operating improvements, expense reductions, restructurings, cost savings initiatives and other initiatives and specified transactions, in each case, not prohibited by this Agreement and whether consummated or adopted, as applicable, on or after the Closing Date (any such operating improvement, expense reduction, restructuring, cost savings initiative and/or other initiative, a "**Business Optimization Initiative**"), which Expected Run Rate Benefit shall be added to Consolidated Adjusted EBITDA until fully realized and calculated on a Pro Forma Basis as though such Expected Run Rate Benefit had been realized on the first day of the relevant period (it being understood and agreed that "run rate" shall mean the full recurring benefit that is associated with any action taken); provided that (A) such Expected Run Rate Benefit is projected by a Financial Officer of the Borrower in good faith to be realized as a result of actions that have been taken or initiated or are expected to be taken within 18 months of the event giving rise thereto or the consummation of such transaction or initiative and (B) the share of any such Expected Run Rate Benefit with respect to a joint venture that are to be allocated to Holdings or any of the Subsidiaries shall

not exceed the total amount thereof for any such joint venture multiplied by the percentage of income of such venture expected to be included in Consolidated Adjusted EBITDA for the relevant Test Period; provided, further, that the aggregate amount of any adjustments made pursuant to (1) this clause (b)(viii) for any transactions or Business Optimization Initiatives, (2) clause (b)(xiii) of this definition, (3) clause (c) of the definition of "Consolidated Net Income" and (4) clause (i) of the definition of "Consolidated Net Income" shall not exceed in the aggregate 25% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such adjustments under such clauses);

(ix) to the extent not otherwise included in Consolidated Net Income, proceeds of business interruption insurance in an amount representing the earnings for the applicable period that such proceeds are intended to replace (whether or not received so long as the Borrower in good faith expects to receive the same within the next four Fiscal Quarters (it being understood that to the extent not actually received within such Fiscal Quarters, such proceeds shall be deducted in calculating Consolidated Adjusted EBITDA for such Fiscal Quarters));

(x) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other Disposition of assets permitted hereunder;

(xi) Cash actually received (or any netting arrangements resulting in reduced Cash expenditures) during such period, and not included in Consolidated Net Income for such period, to the extent that the non-Cash gain relating to such Cash receipt or netting arrangement was deducted in the calculation of Consolidated Adjusted EBITDA pursuant to clause (c)(i) below for any previous period and not added back or was realized in a period prior to the Closing Date;

(xii) any costs or expense incurred pursuant to any management equity plan, profits interest plan or stock option plan or any other management or employee benefit plan or agreement or any subscription or shareholder agreement, solely to the extent that such cost or expenses are funded solely with cash proceeds contributed to the capital of Holdings or Net Proceeds of an issuance of Capital Stock of Holdings during such applicable measurement period (or any Parent Company) (other than Disqualified Capital Stock);

(xiii) costs, expenses, charges, accruals, reserves (including restructuring costs related to acquisitions prior to, on or after the Closing Date) or expenses attributable to the undertaking and/or the implementation of cost savings initiatives, operating expense reductions, operating improvements and other restructuring and integration and transition costs, costs associated with inventory category and distribution optimization programs, pre-opening, opening and other business optimization expenses (including software development costs), future lease commitments, consolidation, discontinuance and closing and consolidation costs and expenses for locations and/or facilities, contract termination payments, signing, retention and completion bonuses, abandoned acquisition costs, costs related to entry and expansion into new markets (including consulting fees) or the exit from existing markets (including with respect to the termination of customer, vendor, supplier, lease or other contracts) and to modifications to pension and post-retirement employee benefit plans, system design, establishment and implementation costs and project start-up costs; provided, that the aggregate amount of any adjustments made pursuant to (1) this clause (b)(xiii), (2) clause (b)(viii) of this definition, (3) clause (c) of the definition of "Consolidated Net Income" and (4) clause (i) of the definition of "Consolidated Net Income" shall not exceed in the aggregate 25% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such adjustments under such clauses);

(xiv) adjustments and add backs expressly reflected and for the time periods specified in (a) the model provided by the Lender to the Sponsor, dated as of September 10, 2021 and (b) the Quality of Earnings Analysis provided by the Lender, dated as of September 10, 2021;

(xv) [reserved]; and

(xvi) costs and expenses related to the entry into new contracts during such period, including the start-up and ramp-up costs associated therewith;

minus (c) without duplication and to the extent such amounts increase Consolidated Net Income:

(i) other non-Cash gains, including deductions for the excess of actual Cash rent paid over GAAP rent expense during such period due to the use of a straight line rent for GAAP purposes but excluding any non-cash gains that represent the reversal of any accrual of, or cash reserve for, anticipated cash items that reduced Consolidated EBITDA in any prior period; provided that if any non-Cash gain or income relates to potential Cash items in any future periods, the Borrower may determine not to deduct such non-Cash gain or income in the current period;

(ii) any realized or unrealized net gains in respect of any obligation under hedging and similar agreements;

(iii) the amount of any income associated with any Subsidiary of Holdings attributable to non-controlling interests or minority interests of third parties;

(iv) the amount added back to Consolidated Adjusted EBITDA pursuant to clause (b)(ix) above to the extent such business interruption proceeds were not received within the time period required by such clause; and

(v) to the extent that the amount of any non-Cash charge is added back to Consolidated Adjusted EBITDA pursuant to clause (b)(iv) above, the Cash payment in respect thereof in such future period.

There shall be included in determining Consolidated Adjusted EBITDA for any period, without duplication, the Acquired EBITDA of any Person, property, business or asset acquired by Holdings or any Subsidiary during such period (but not the Acquired EBITDA of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise Disposed of by Holdings or such Subsidiary during such period (each such Person, property, business or asset acquired (including pursuant to a Permitted Acquisition (or similar Investment)) and not subsequently so Disposed of, an "**Acquired Entity or Business**"), based on the actual Acquired EBITDA of such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition) determined on a historical pro forma basis. There shall be excluded in determining Consolidated Adjusted EBITDA for any period the Disposed EBITDA of any Person, property, business or asset sold, transferred or otherwise Disposed of, closed or classified as discontinued operations by Holdings or any Subsidiary during such period (each such Person, property, business or asset so sold or Disposed of, a "**Sold Entity or Business**"), based on the actual Disposed EBITDA of such Sold Entity or Business for such period (including the portion thereof occurring prior to such sale, transfer or Disposition) determined on a historical pro forma basis; provided that for the avoidance of doubt, notwithstanding any classification under GAAP of any Person or business in respect of which a definitive agreement for the Disposition thereof has been entered into as discontinued operations, the Disposed

EBITDA of such Person or business shall not be excluded pursuant to this paragraph until such Disposition shall have been consummated.

Notwithstanding anything to the contrary herein, and subject to, without any duplication of any adjustments already included in the amounts below, other adjustments contemplated by clauses (b)(viii) and (b)(xiii) above, it is agreed that for any period that includes the Fiscal Quarters ended December 31, 2020, March 31, 2021, June 30, 2021 or September 30, 2021, Consolidated Adjusted EBITDA for each such applicable Fiscal Quarter shall be as specified on Schedule 1.01(a).

"**Consolidated Net Income**" means, for any period, the net income (or loss) of Holdings and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP (and, without duplication, taking into account any cash expenses in respect of Financing Lease Obligations and operating leases); provided that there shall be excluded, without duplication,

(a) the income (or loss) of any Person (other than Holdings or a Subsidiary of Holdings) in which any other Person (other than Holdings or any of its Subsidiaries) has a joint interest, except, with respect to any income, to the extent of the amount of dividends or distributions or other payments (including any ordinary course dividend, distribution or other payment) paid in Cash (or to the extent converted into Cash) or Cash Equivalents to Holdings or any of its Subsidiaries by such Person during such period,

(b) gains, income, losses, expenses or charges (less all fees and expenses chargeable thereto) attributable to (i) asset Dispositions or (ii) returned surplus assets of any Pension Plan, in each case outside of the ordinary course of business,

(c) gains, income, expenses, charges or losses arising in connection with exceptional, extraordinary, unusual, non-recurring and/or one-time events (in each case as determined in good faith by the Borrower), and, in each case, any accruals or reserves in respect thereof and, excluding for the avoidance of doubt, any gain resulting from payments received by Holdings or any Subsidiary in respect of the early termination of a customer contract, in each case as set forth in reasonable detail in the Compliance Certificate for the applicable Test Period; provided, that the aggregate amount of any adjustments made pursuant to (1) this clause (c), (2) clause (b)(viii) of the definition of "Consolidated Adjusted EBITDA", (3) clause (b)(xiii) of the definition of "Consolidated Adjusted EBITDA" and (4) clause (i) of the definition of "Consolidated Net Income", shall not exceed in the aggregate 25% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such adjustments under such clauses),

(d) any unrealized or realized net foreign currency translation or transaction gains or losses impacting net income (including currency re-measurements of Indebtedness and any net gains or losses resulting from hedge agreements for currency exchange risk associated with the above or any other currency related risk and those resulting from intercompany Indebtedness and revaluations of intercompany balances or other balance sheet items),

(e) any net gains, income, losses, expenses or charges with respect to (i) disposed, abandoned, divested and discontinued operations and any accretion or accrual of discounted liabilities on the disposal of such disposed, divested, abandoned and discontinued operations (other than, at the option of the Borrower, any asset, property or operation pending the disposal,

abandonment, divestiture or termination thereof) and (ii) locations, facilities, stores or distribution centers that have been closed during such period,

(f) any net income or loss (less all fees and expenses or charges related thereto) attributable to the early extinguishment of Indebtedness (and termination of any associated hedge agreements),

(g) (i) effects of adjustments (including the effects of such adjustments pushed down to Holdings and its Subsidiaries) in Holdings' consolidated financial statements pursuant to GAAP (including in the inventory, property and equipment, rights, fee arrangements, software, goodwill, intangible assets, in-process research and development, deferred revenue, advanced billings, leases and debt line items thereof) resulting from the application of recapitalization accounting or acquisition or purchase accounting, as the case may be, in relation to the Transactions or any consummated acquisition or the amortization or write-off of any amounts thereof and (ii) the cumulative effect of changes in accounting principles or policies and changes as a result of the adoption or modification of accounting policies,

(h) (A) Transaction Costs, (B) transaction fees, costs and expenses (including any transaction or retention bonus or similar payment and any non-recurring merger and amalgamation costs) incurred in connection with the consummation of any transaction (or any transaction proposed and not consummated), that is expressly permitted under this Agreement, including the issuance or offering of Capital Stock, Investments, acquisitions, Dispositions, recapitalizations, mergers, consolidations or amalgamations, option buyouts or the incurrence, repayment, refinancing, amendment or modification of Indebtedness (including any amortization or write-off of debt issuance or deferred financing costs, premiums and prepayment penalties and any such fees, costs or expenses related to this Agreement) or similar transactions and (C) the amount of any fee, cost, charge, expense or reserve to the extent actually reimbursed or reimbursable by third parties pursuant to indemnification or reimbursement provisions or similar agreements or insurance, and

(i) charges, expenses, costs, accruals, reserves (including any accruals or reserves in respect of any extraordinary, non-recurring or unusual items) or losses of any kind, attributable to the undertaking of new initiatives, business optimization activities, cost savings initiatives, cost rationalization programs, operating expense reductions, other operating improvements and/or synergies and/or similar initiatives and/or programs, integration, transition, reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, facility or office opening and pre-opening costs (including unused warehouse, facilities or office space costs and any related employee hiring or retention costs, start-up costs, initial testing and registration costs in new markets, the cost of feasibility studies, travel costs for employees engaged in activities relating to any or all of the foregoing and the allocation of general and administrative support in connection with any or all of the foregoing), any business optimization charge, any charge relating to the destruction of equipment, any restructuring charge (including any charge relating to any tax restructuring), any charge relating to the closure or consolidation of any facility (including but not limited to rent termination costs, reconfiguration costs and moving costs and legal costs), any systems implementation charge, any severance charge, any charge relating to entry into a new market, any charge relating to any strategic initiative, any signing charge, any retention or completion bonus, any expansion and/or relocation charge, any charge associated with any modification to any pension and post-retirement employee benefit plan, any software or intellectual property development charge, any charge associated with new systems design or product development, new systems design costs, any implementation or upgrade charge or expense, any startup charge, any charge in connection with new operations, any charge relating

to a new contract, any consulting charge and/or any corporate development charge, consulting and other professional fees and costs, executive recruiting costs, relocation expenses and severance payments, costs related to the closure, consolidation or transfer of production lines between facilities and curtailments; costs related to the consolidation, closing or reconfiguration of facilities, branches or distribution centers; costs related to the exiting of lines of business or products; and contract termination costs, in each case as set forth in reasonable detail in the Compliance Certificate for the applicable Test Period; provided, that the aggregate amount of any adjustments made pursuant to (1) this clause (i), (2) clause (b)(viii) of the definition of "Consolidated Adjusted EBITDA", (3) clause (b)(xiii) of the definition of "Consolidated Adjusted EBITDA" and (4) clause (c) of the definition of "Consolidated Net Income", shall not exceed in the aggregate 25% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such adjustments under such clauses).

"**Consolidated Total Debt**" means (a) the aggregate principal amount of Indebtedness of Holdings and its Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP, consisting of Indebtedness for borrowed money, Disqualified Capital Stock, Financing Lease Obligations and debt obligations evidenced by promissory notes, bonds, indentures, credit agreements or similar instruments minus (b) the Unrestricted Cash Amount as of such date in an amount not to exceed $100,000,000.

"**Consolidated Total Leverage Ratio**" means the ratio, as of any date of determination, of (a) Consolidated Total Debt as of the last day of the Test Period most recently ended on or prior to the date of determination to (b) Consolidated Adjusted EBITDA for the most recently ended Test Period.

"**Contractual Obligation**" means, as applied to any Person, any provision of any Security issued by that Person or of any material indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"**Debtor Relief Laws**" means the Bankruptcy Code of the U.S., and all other liquidation, conservatorship, bankruptcy, general assignment for the benefit of creditors, moratorium, arrangement, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of the U.S. or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"**Declined Proceeds**" has the meaning assigned to such term in Section 2.03(b)(~~iii~~v).

"**Delayed Payment**" has the meaning assigned to such term in the Purchase Agreement. As of the Amendment No. 1 Effective Date, the outstanding amount of the Delayed Payment in an amount equal to $75,000,000 shall be added to the aggregate principal amount of the Loan in accordance with Section 2.01 hereof.

"**Default**" means any event or condition which upon notice, lapse of time or both would (unless cured or waived) become an Event of Default.

"**Derivative Transaction**" means (a) any interest-rate transaction, including any interest-rate swap, basis swap, forward rate agreement, interest rate option (including a cap, collar or floor), and any other instrument linked to interest rates that gives rise to similar credit risks (including when-issued

securities and forward deposits accepted), (b) any exchange-rate transaction, including any cross-currency interest-rate swap, any forward foreign-exchange contract, any currency option, and any other instrument linked to exchange rates that gives rise to similar credit risks, (c) any equity derivative transaction, including any equity-linked swap, any equity-linked option, any forward equity-linked contract, and any other instrument linked to equities that gives rise to similar credit risk and (d) any commodity (including precious metal) derivative transaction, including any commodity-linked swap, any commodity-linked option, any forward commodity-linked contract, and any other instrument linked to commodities that gives rise to similar credit risks.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-Cash consideration received by Holdings or its Restricted Subsidiaries in connection with a Disposition pursuant to Section 6.06(g) that is designated as "Designated Non-Cash Consideration" pursuant to a certificate of a Responsible Officer of Holdings delivered to the Lender, setting forth the basis of such valuation.

"**Disposed EBITDA**" means, with respect to any Sold Entity or Business for any period, the amount for such period of Consolidated Adjusted EBITDA of such Sold Entity or Business (determined as if references to Holdings and its Subsidiaries in the definition of the term "Consolidated Adjusted EBITDA" (and in the component financial definitions used therein) were references to such Sold Entity or Business and its Subsidiaries), all as determined on a consolidated basis for such Sold Entity or Business.

"**Disposition**" or "**Dispose**" means the sale, lease, sublease, or other disposition of any property of any Person.

"**Disqualified Capital Stock**" means any Capital Stock which, by its terms (or by the terms of any Security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable (other than for Qualified Capital Stock and Cash in lieu of fractional shares), pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than for Qualified Capital Stock and Cash in lieu of fractional shares), in whole or in part, on or prior to 91 days following the Maturity Date at the time such Capital Stock is issued, (b) is or becomes convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or loans or (ii) any Capital Stock that would constitute Disqualified Capital Stock, in each case at any time on or prior to 91 days following the Maturity Date at the time such Capital Stock is issued, (c) contains any mandatory repurchase obligation which may come into effect prior to the Termination Date (or the date that is 91 days following the Maturity Date at the time such Capital Stock is issued) or (d) provides for the scheduled payments of dividends in Cash on or prior to 91 days following the Maturity Date at the time such Capital Stock is issued; provided, however, that only the portion of Capital Stock that so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Capital Stock; provided that, if such Capital Stock is issued pursuant to any plan for the benefit of officers, directors, employees or consultants of Holdings (or any Parent Company), the Borrower or any of its Subsidiaries or by any such plan to such officers, directors, employees or consultants, such Capital Stock shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by Holdings (or any Parent Company), the Borrower or any of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such officer's, director's, employee's or consultant's termination, death or disability; provided, further, however, that any Capital Stock held by any future, current or former employee, officer, manager, consultant, director, employee or independent contractor of Holdings, the Borrower, any of its Subsidiaries or any Parent Company, in each case pursuant to any equity option or equity appreciation rights plan, any management, director and/or employee equity ownership or

incentive plan, equity subscription plan or subscription agreement, employment termination agreement or any other employment agreement or equity holders' agreement shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by Holdings, the Borrower or its Subsidiaries; and provided, further, however, that any class of Capital Stock of such Person that by its terms requires such Person to satisfy its obligations thereunder by delivery of Capital Stock that is not Disqualified Capital Stock shall not be deemed to be Disqualified Capital Stock.

"**Disqualified Lender**" means those Persons identified on Schedule 1.01(b).

"**Dollars**" or "**$**" refers to lawful money of the United States.

"**Domestic Subsidiary**" means any Subsidiary incorporated or organized under the laws of United States or any state thereof.

"**ECF Control Account**" means the segregated deposit account into which any ECF Prepayment Amount may be deposited in accordance with Section 2.03(b)(iii) from time to time and that is subject to a blocked account control agreement pursuant to which the Lender shall be granted "control" (as defined in Section 9-104 of the UCC) upon execution (and which control may be exercised by Lender at any time, regardless of whether a Default or Event of Default has occurred and is continuing at such time), in form and substance satisfactory to the Lender. The Loan Parties and the Lender agree that the Lender may draw from the ECF Control Account at any time without notice to any Loan Party.

"**ECF Prepayment Amount**" has the meaning assigned to such term in Section 2.03(b)(iii).

"**Effective Yield**" shall mean, as to any Indebtedness on any date of determination, the effective yield paid by the Borrower on such Indebtedness as determined by the Borrower and the Lender in a manner consistent with generally accepted financial practices, taking into account (a) the applicable interest rate margins, (b) any interest rate "floors" (the effect of which floors shall be determined in a manner set forth in the proviso below and assuming that, if interest on such Indebtedness is calculated on the basis of a floating rate, that LIBOR or similar component of such formula is included in the calculation of Effective Yield) or similar devices, (c) any amendment to the relevant interest rate margins and interest rate floors prior to the applicable date of determination and (d) all fees, including upfront or similar fees or original issue discount (amortized over the shorter of (x) the remaining weighted average life to maturity of such Indebtedness and (y) the four years following the date of incurrence thereof) payable generally by or on behalf of the Borrower to the lenders or other institutions providing such Indebtedness, but excluding arrangement fees, structuring fees, commitment fees, underwriting fees, closing payments or other similar fees, in each case payable to any lead arranger, bookrunner, manager, agent or Person in a similar capacity (or their affiliates) in connection with the commitment, syndication, marketing or offering of such Indebtedness and not payable to all lenders, and customary consent or amendment fees paid generally to consenting lenders (and regardless of whether any such fees are paid to, or shared in whole or in part with, any lender), ticking fees accruing prior to the funding of any such Indebtedness and any other fees of the type not paid or payable generally by or on behalf of the Borrower to lenders or other institutions in connection with the commitment, marketing or offering of such Indebtedness; provided that, with respect to any Indebtedness that includes a "floor", (A) to the extent that the relevant benchmark on the date that the Effective Yield is being calculated is less than such floor, the amount of such difference shall be deemed added to the interest rate margin for such Indebtedness for the purpose of calculating the Effective Yield and (B) to the extent that the relevant benchmark on the date that the Effective Yield is being calculated is greater than such floor, then the floor shall be disregarded in calculating the Effective Yield.

"**Environment**" shall mean ambient air, indoor air, surface water, groundwater, drinking water, land surface, sediments, and subsurface strata & natural resources such as wetlands, flora and fauna.

"**Environmental Claim**" means any notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising out of any Environmental Law, including (a) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (b) in connection with any Release or threatened Release of Hazardous Material or any actual or alleged Hazardous Materials Activity; or (c) in connection with any actual or alleged damage, injury, threat or harm to natural resources or the environment.

"**Environmental Laws**" means any and all applicable foreign or domestic, federal, provincial, territorial or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other applicable requirements of Governmental Authorities and the common law relating to the protection of the environment, including those relating to any Hazardous Materials Activity, or the generation, use, storage, transportation or disposal of or exposure to Hazardous Materials, in any manner applicable to Holdings or any of its Subsidiaries or any Facility.

"**Environmental Liability**" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Holdings or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage or treatment of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" means, as applied to any Person, (a) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Code of which that Person is a member, (b) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Code of which that Person is a member and (c) for purposes of Section 302 of ERISA and Section 412 of the Code, any organization which is a member of an affiliated service group within the meaning of Section 414(m) of the Code of which that Person is a member or any other Person which is treated as a single employer with such Person under Section 414(o) of the Code.

"**ERISA Event**" means (a) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the 30-day notice period has been waived); (b) the failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA with respect to any Pension Plan; (c) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (d) the withdrawal by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4063 or 4064 of ERISA; (e) the institution by the PBGC of proceedings to terminate any Pension Plan, or the appointment of a trustee to administer any Pension Plan; (f) the imposition of liability on Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (g) a complete or partial withdrawal (within

the meaning of Sections 4203 and 4205 of ERISA) of Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates from any Multiemployer Plan if there is any liability therefor under Title IV of ERISA, or the receipt by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates of notice from any Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; (h) the occurrence of an act or omission which could reasonably be expected to give rise to the imposition on Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates of fines, penalties, excise taxes or related charges under Chapter 43 of the Code or under Section 409, Section 502(c), (i) or (l), or Section 4071 of ERISA in respect of any Pension Plan; or (i) the incurrence of liability or the imposition of a Lien pursuant to Section 436 or 430(k) of the Code or pursuant to ERISA with respect to any Pension Plan, other than for PBGC premiums due but not delinquent.

"**Event of Default**" has the meaning assigned to such term in Article 7.

"**Excess Cash Flow**" means, for any Test Period ending on the last day of a Fiscal Year for which financial statements have been delivered pursuant to Section 5.01(b), an amount (if positive) equal to:

(a) the sum, without duplication, of the amounts for such period of the following:

(i) Consolidated Net Income for such period, *plus*

(ii) the amount of all non-Cash charges or expenses (including, without limitation, depreciation and amortization, non-cash interest expenses, non-cash losses on obligations under hedging and similar agreements and non-cash Tax expenses) deducted in arriving at such Consolidated Net Income, but excluding any non-Cash charges representing an accrual or reserve for potential Cash items in any future period and excluding amortization of all prepaid Cash items that were paid (or required to have been paid) in a prior period, *plus*

(iii) the aggregate net amount of any non-Cash loss on Dispositions of property by Holdings and its Subsidiaries during such period, to the extent deducted in arriving at such Consolidated Net Income, *plus*

(iv) Cash income or gain (actually received in Cash) of the type described in clauses (b), (c), (d), (e) and (f) of the definition of "Consolidated Net Income", to the extent excluded from the calculation of Consolidated Net Income for such period pursuant to the definition thereof (other than in respect of sales or other Dispositions to the extent Holdings is permitted to reinvest such proceeds or is required to prepay the Loan with such proceeds, in each case, pursuant to Section 2.02(b)(i)), *plus*

(v) expenses deducted from Consolidated Net Income during such period in respect of expenditures made during any prior period for which a deduction from Excess Cash Flow was made in such prior period pursuant to clause (b) below, *minus*,

(b) the sum, without duplication, of the amounts for such period of the following:

(i) the amount of (A) all non-Cash credits, gains and income included in arriving at such Consolidated Net Income (including non-Cash gains on bargain purchases and excluding any such credit, gain or income representing the reversal of an accrual or reserve for a potential Cash item that reduced Consolidated Net Income in any prior period) and (B) all Cash expenses, charges and losses

excluded in arriving at such Consolidated Net Income, in each case, to the extent not financed with the proceeds of long-term Indebtedness (other than revolving Indebtedness), *plus*

(ii) the aggregate amount of all principal payments and purchases of Indebtedness of Holdings and its Subsidiaries (including (A) the principal component of payments in respect of Capital Leases and (B) the amount of any mandatory prepayment of the Loan pursuant to Section 2.03(b)(i) of this Agreement, in each case, with the Net Proceeds of a Prepayment Asset Sale to the extent required due to a Disposition that resulted in an increase in Consolidated Net Income and not in excess of the amount of such increase, but excluding (1) all other prepayments of the Loan and (2) all repayments of any revolving credit facility or arrangements (except to the extent there is an equivalent permanent reduction in commitments thereunder that is not being made in connection with a refinancing or replacement thereof)) made during such period, in each case except to the extent financed with the proceeds of long-term Indebtedness (other than revolving Indebtedness) or the issuance of Capital Stock, *plus*

(iii) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by Holdings and its Subsidiaries during such period that are required to be made in connection with any prepayment of Indebtedness, plus

(iv) any Cash payments in respect of hedge agreements to the extent not financed with the proceeds of long-term Indebtedness (other than revolving Indebtedness) and not deducted in arriving at such Consolidated Net Income, *plus*

(v) the amount of Taxes and tax distributions pursuant to Section 6.04(a)(i)(B) (including penalties and interest) paid in Cash in such period (and reserves set aside and payable or reasonably estimated to be payable in Cash in respect of Taxes and tax distributions pursuant to Section 6.04(a)(i)(B), within the four consecutive Fiscal Quarters following such period) to the extent such Taxes and tax distributions exceed the amount of Tax and tax distribution expense deducted in arriving at Consolidated Net Income for such period; provided that, to the extent the aggregate amount of Tax and tax distribution reserves set aside and actually paid in Cash during such subsequent four consecutive Fiscal Quarters is less than such amount of Tax and tax distribution reserves set aside, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such subsequent period of four consecutive Fiscal Quarters; *plus*

(vi) to the extent not expensed (or exceeding the amount expensed) during such period or not deducted (or exceeding the amount deducted) in calculating Consolidated Net Income for such period, the aggregate amount of expenditures, fees, costs and expenses paid in Cash by Holdings and its Subsidiaries during such period (including expenditures for the payment of financing fees and Cash restructuring charges), other than to the extent financed with long-term Indebtedness (other than revolving Indebtedness); *plus*

(vii) without duplication of amounts deducted pursuant to clause (viii) below in respect of a prior period, the aggregate amount actually paid by Holdings and its Subsidiaries in Cash during such period or after such period and prior to the relevant date of the Excess Cash Flow prepayment required by Section 2.03(b)(iii) in respect of capital expenditures, except to the extent financed with long-term Indebtedness (other than revolving Indebtedness),

(viii) without duplication of amounts deducted from Excess Cash Flow in respect of a prior period, at the option of the Borrower (A) the aggregate consideration (including earn-outs) required to be paid in Cash by Holdings and its Subsidiaries pursuant to binding contracts, letters of intent or purchase orders (entered into prior to or during such period) and (B) the aggregate amount

otherwise contractually committed or formally budgeted (with such formal budget required to be certified by a Financial Officer as having been prepared in good faith based upon assumptions believed to be reasonable at the time of preparation) to be paid in respect of planned Cash expenditures by Holdings or any of the Subsidiaries (collectively, clauses (A) and (B), the "**Scheduled Expenditures**"), in the case of each of clauses (A) and (B), relating to capital expenditures, acquisitions or other Investments (other than Investments in Cash and Cash Equivalents) or Restricted Payments to be consummated or made during a subsequent Test Period (except, in each case, to the extent financed with long-term Indebtedness (other than revolving Indebtedness)); provided that to the extent the aggregate amount of internally generated Cash actually utilized to finance such capital expenditures, acquisitions, Investments or Restricted Payments during such subsequent Test Period is less than the Scheduled Expenditures, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such subsequent period of such Test Period,

(ix) to the extent included, or not deducted in arriving at such Consolidated Net Income and without duplication of amounts deducted pursuant to clause (viii) above in prior periods, the aggregate consideration actually paid in Cash by Holdings or any of its Subsidiaries during such period or after such period and prior to the relevant date of such Excess Cash Flow prepayment required by Section 2.03(b)(iii) with respect to Investments (other than Investments in Cash and Cash Equivalents) and acquisitions not prohibited by this Agreement, other than to the extent financed with long-term Indebtedness (other than revolving Indebtedness), and

(x) without duplication of amounts deducted from Excess Cash Flow in respect of a prior period, the amount of Restricted Payments paid in Cash during such period or after such period and prior to the relevant date of such Excess Cash Flow prepayment required by Section 2.03(b)(iii), except to the extent financed with long-term Indebtedness (other than revolving Indebtedness).

"**Exchange Act**" means the Securities Exchange Act of 1934 and the rules and regulations of the SEC promulgated thereunder.

"**Excluded Accounts**" means (a) payroll and other employee wage and benefit accounts, (b) tax accounts, including, without limitation, sales tax accounts, (c) escrow accounts, (d) fiduciary or trust accounts, (e) accounts containing solely cash reserves maintained by Regulated Entities for the purpose of meeting required reserve requirements, as required by applicable laws or regulations, and, in the case of clauses (a) through (e), the funds or other property held in or maintained in any such account (as long as the accounts described in clauses (a) through (e) are used solely for such purposes), (f) that certain deposit account with account number ending x7928 maintained in the name of Pivotal Home Solutions, LLC with PNC Bank, National Association, so long as the aggregate amount of funds on deposit therein is not in excess of $1,250,000 (plus any interest declared and paid thereon) at any time and (g) any account with funds on deposit averaging less than $2,500,000 (and in the aggregate of less than $5,000,000 at all times for all such accounts).

"**Excluded Assets**" means (i) any fee-owned real property that is not a Material Real Estate Assets and any leasehold interests in Real Estate Assets, (ii) any governmental licenses or state or local franchises, charters or authorizations, to the extent a security interest in any such licenses, franchise, charter or authorization would be prohibited or restricted thereby (including any legally effective prohibition or restriction) after giving effect to the applicable anti-assignment clauses of the Uniform Commercial Code and other applicable laws, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under the Uniform Commercial Code and other applicable laws notwithstanding such prohibition, (iii) motor vehicles and other assets and personal property subject to certificates of title to the extent a Lien thereon cannot be perfected by the filing of a

UCC financing statement or equivalent under applicable law, (iv) assets and personal property for which a pledge thereof or a security interest therein is prohibited by applicable laws (including any legally effective requirement to obtain the consent of any Governmental Authority) after giving effect to the applicable anti-assignment clauses of the Uniform Commercial Code and other applicable laws, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under the Uniform Commercial Code and other applicable laws notwithstanding such prohibition, (v) Excluded Capital Stock, (vi) assets and personal property to the extent a security interest in such assets would result in material adverse tax consequences as reasonably determined by the Borrower in good faith and consented to by the Lender, (vii) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, (viii) any assets held directly or indirectly by any CFC or FSHCO, (ix) Excluded Accounts, (x) cash reserves maintained by Regulated Entities for the purpose of meeting required reserve requirements, as required by applicable laws or regulations (for avoidance of doubt, any cash amounts in excess of such requirements shall not constitute Excluded Assets by virtue of this clause (x)) and (xi) any lease, license, contract, instrument or other agreements or any property (including personal property) subject to a purchase money security interest, Financing Lease Obligation or similar arrangements, in each case to the extent permitted under the Loan Documents, to the extent that a pledge thereof or a security interest therein would violate or invalidate such lease, license, contract, instrument or agreement, purchase money, Financing Lease Obligation or similar arrangement, or create a right of termination in favor of any other party thereto (other than the Borrower or a Guarantor) after giving effect to the applicable anti-assignment clauses of the Uniform Commercial Code and other applicable laws, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under the Uniform Commercial Code and other applicable laws notwithstanding such prohibition.

"**Excluded Capital Stock**" means (i) any Capital Stock with respect to which, in the reasonable judgment of the Lender and the Borrower, the cost of pledging such Capital Stock shall be excessive in view of the benefits to be obtained by the Lender therefrom, (ii) solely in the case of any pledge of Capital Stock of any Subsidiary that is a CFC or FSHCO to secure the Obligations, any Capital Stock that are Voting Stock of such Subsidiary that is a CFC or FSHCO in excess of 65% of the outstanding Capital Stock that are Voting Stock of such Subsidiary that is a CFC or FSHCO, (iii) any Capital Stock to the extent, and for so long as, the pledge thereof would be prohibited by any applicable law (including any legally effective requirement to obtain the consent of any Governmental Authority unless such consent has been obtained), (iv) Capital Stock of any Person (other than any Wholly-Owned Subsidiary) acquired after the Closing Date to the extent, and for so long as, the pledge of such Capital Stock would be prohibited by, or would create an enforceable right of termination in favor of any other party thereto (other than Holdings, the Borrower or any Wholly-Owned Subsidiary) under, the terms of any Contractual Obligation, Organizational Document, joint venture agreement or shareholders' agreement applicable to such Person (but only to the extent any of the foregoing is not rendered ineffective by, or is otherwise unenforceable under, the UCC or any other applicable Law) (and so long as such Contractual Obligation or other relevant restriction was not incurred in contemplation of such acquisition), (v) the Capital Stock of any Subsidiary of a CFC or FSHCO and (vi) any Capital Stock of any Subsidiary to the extent that the pledge of such Capital Stock would result in material adverse tax consequences to Holdings, the Borrower or any Subsidiary or Parent Company of the Borrower as reasonably determined by the Borrower in good faith and as consented to by the Lender.

"**Excluded Subsidiary**" means:

(a) any Subsidiary acquired after the Closing Date that is not a Wholly-Owned Subsidiary or is a joint venture on any date such Subsidiary would otherwise be required to become a Guarantor pursuant to the requirements of Section 5.10 (for so long as such Subsidiary remains a non-Wholly-Owned Subsidiary and only so long as there is a bona fide business purpose for the transactions

resulting in such Subsidiary being non-Wholly Owned); provided that the aggregate Fair Market Value at the time of the applicable Disposition, of all such Subsidiaries which were Loan Parties, which as a result of a Disposition, become "Excluded Subsidiaries" after the Closing Date by virtue of this clause (a) shall not exceed an amount equal to the greater of (a) $25,000,000 and (b) 25% of Consolidated Adjusted EBITDA for the most recently ended Test Period,

(b) any Subsidiary that is prohibited by (x) applicable law or (y) Contractual Obligation from guaranteeing the Obligations (and for so long as such restriction is in effect); provided that in the case of clause (y), such Contractual Obligation existed on the Closing Date or, with respect to any Subsidiary acquired by Holdings or a Subsidiary after the Closing Date (and so long as such Contractual Obligation was not incurred in contemplation of such acquisition), on the date such Subsidiary is so acquired,

(c) (i) any direct or indirect Foreign Subsidiary, (ii) any Subsidiary that is a FSHCO, (iii) any direct or indirect Subsidiary of a CFC or FSHCO, or (iv) any other Subsidiary for which the provision of a Guarantee would result in a material adverse tax consequence to Holdings, the Borrower or any Subsidiary or Parent Company (as reasonably determined by the Borrower in good faith and as agreed to by the Lender),

(d) any Immaterial Subsidiary,

(e) any other Subsidiary with respect to which, in the reasonable judgment of the Lender in consultation with the Borrower (confirmed in writing by notice to the Borrower), the cost of providing a Guarantee shall be excessive in view of the benefits to be obtained by the Lender therefrom,

(f) each other Domestic Subsidiary acquired pursuant to a Permitted Acquisition (or similar Investment) and each Subsidiary acquired in such Permitted Acquisition (or similar Investment) that guarantees such Indebtedness, in each case to the extent that, and for so long as, the documentation relating to such Indebtedness to which such Domestic Subsidiary or Subsidiary, as applicable, is a party prohibits such Subsidiary from guaranteeing the Obligations (in each case, so long as such Indebtedness was not incurred in contemplation of such Permitted Acquisition (or similar investment)), and

(g) any Subsidiary that would require any consent, approval, license or authorization from any Governmental Authority to provide a Guarantee unless such consent, approval, license or authorization has been received, or is received after commercially reasonable efforts (including if requested by the Lender to do so) by the Borrower and/or such Subsidiary to obtain the same.

Notwithstanding anything to the contrary in the foregoing, (x) no Subsidiary organized under the laws of the United States shall be considered an Excluded Subsidiary on the basis that the provision of a Loan Guaranty by such Subsidiary would result in material adverse tax consequences as a result of the operation of Section 956 of the Code or otherwise (other than to the extent such Subsidiary would otherwise be an Excluded Subsidiary pursuant to clause (c) of this definition), (y) the Borrower shall not be an Excluded Subsidiary and (z) no Subsidiary that owns Capital Stock of the Borrower shall be an Excluded Subsidiary.

"**Excluded Taxes**" means (a) Taxes imposed on (or measured by) its income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) as a result of any recipient of any payment to be made by or on account of any obligation of the Borrower or any other Loan Party hereunder being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account

of any recipient with respect to an applicable interest in the Loan pursuant to a law in effect on the date on which (i) such recipient acquires such interest in the Loan or (ii) such recipient changes its lending office, except in each case to the extent that, pursuant to Section 2.06, amounts with respect to such Taxes were payable either to such recipient's assignor immediately before such recipient became a party hereto or to such recipient immediately before it changed its lending office, (c) any Tax under FATCA and (d) U.S. federal backup withholding Taxes pursuant to Section 3406 of the Code.

"**Expected Run Rate Benefit**" has the meaning assigned to such term in the definition of Consolidated Adjusted EBITDA.

"**Facility**" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or, except with respect to Articles 5 and 6, heretofore owned, leased, operated or used by Holdings or any of its Subsidiaries.

"**Fair Market Value**" means with respect to any asset or group of assets on any date of determination, the value of the consideration obtainable in a sale of such asset at such date of determination assuming a sale by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset. Except as otherwise expressly set forth herein, such value shall be determined in good faith by the Borrower.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations promulgated thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention entered into in connection with the implementation of such Sections of the Code.

"**Financial Officer**" of any Person means (i) the chief financial officer, the treasurer, any assistant treasurer, any vice president of finance or the controller of such Person or any officer with substantially equivalent responsibilities of any of the foregoing or (ii) the chief executive officer or president of such Person.

"**Financial Officer Certification**" means, with respect to the financial statements for which such certification is required, the certification of a Financial Officer of Holdings or the Borrower that such financial statements fairly present, in all material respects, in accordance with GAAP, the consolidated financial condition of Holdings as at the dates indicated and the results of its consolidated operations and cash flows for the periods indicated, subject to, in the case of quarterly financial statements, the absence of footnotes and changes resulting from audit and normal year-end audit adjustments.

"Financing Lease Obligation" means, as applied to any Person, an obligation that is required to be accounted for as a financing or capital lease (and, for the avoidance of doubt, not as an operating lease) for financial reporting purposes in accordance with GAAP. At the time any determination thereof is to be made, the amount of the liability in respect of a financing or capital lease would be the amount required to be reflected on the applicable financial statements of such Person as a liability in accordance with GAAP.

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that, subject to any Acceptable Intercreditor Agreement then in

effect, such Lien is senior in priority to any other Lien to which such Collateral is subject, other than any Permitted Lien.

"**Fiscal Quarter**" means a fiscal quarter of any Fiscal Year.

"**Fiscal Year**" means the fiscal year of Holdings, ending on December 31 of each year.

"**Flood Hazard Property**" means any Real Estate Asset subject to a Mortgage and located in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards.

"Flood Insurance Laws" means, any insurance laws in effect in the jurisdiction where a Facility is located which address flood or mud slide hazards and are comparable to the following U.S. legislation: (a) the National Flood Insurance Reform Act of 1994 (which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973) as now or hereafter in effect or any successor statute thereto, (b) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (c) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**FSHCO**" means any direct or indirect Subsidiary of the Borrower that has no material assets other than equity and/or indebtedness of one or more Foreign Subsidiaries of the Borrower that are CFCs.

"**GAAP**" means generally accepted accounting principles in the U.S. in effect and applicable to the accounting period in respect of which reference to GAAP is being made, subject to the provisions of Section 1.03.

"**Global Intercompany Note**" means an intercompany promissory note substantially in the form of Exhibit G attached hereto or otherwise reasonably acceptable to the Lender and the Borrower.

"**Governmental Authority**" means any federal, state, provincial, territorial, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank), in each case, whether associated with a state or locality of the U.S., the U.S., or a foreign government.

"**Governmental Authorization**" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"**Guarantee**" of or by any Person (the "**guarantor**") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "**Primary Obligor**") in any manner and including any obligation of the guarantor, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the Primary Obligor so as to enable the Primary Obligor

to pay such Indebtedness, (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or monetary obligation, (e) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (f) secured by any Lien on any assets of such guarantor securing any Indebtedness of any other Person, whether or not such Indebtedness is assumed by such guarantor (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition, Disposition or other transaction permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith.

"**Guaranteed Obligations**" has the meaning assigned to such term in Section 9.01.

"**guarantor**" has the meaning assigned to such term in the definition of "Guarantee".

"**Guarantor Percentage**" has the meaning assigned to such term in Section 9.10.

"**Hazardous Materials**" means petroleum products and other hydrocarbons, solvents, polychlorinated bi-phenyls, asbestos and asbestos-containing materials and any other chemical, material, substance or waste, or any constituent thereof, that is prohibited, limited or regulated by any Environmental Law.

"**Hazardous Materials Activity**" means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Material, including the use, manufacture, possession, storage, holding, presence, existence, location, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Material, and any corrective action or response action with respect to any of the foregoing.

"**Holdings**" has the meaning assigned to such term in the preamble to this Agreement.

"**Immaterial Subsidiary**" means, as of any date, any Subsidiary of Holdings (other than the Borrower) for which (a) the consolidated total assets (determined in accordance with GAAP) of such Subsidiary and its Subsidiaries constitute less than 2.5% of consolidated total assets and (b) the consolidated revenues (determined in accordance with GAAP) of such Subsidiary and its Subsidiaries constitute less than 2.5% of the consolidated revenues (determined in accordance with GAAP) of Holdings and its Subsidiaries, in each case, as of the last day of and for the most recently ended Test Period; provided that the consolidated total assets (as so determined) and revenues (as so determined) of all Immaterial Subsidiaries shall not exceed 5% of consolidated total assets or 5% of the consolidated revenues of Holdings and its Subsidiaries that are not otherwise Excluded Subsidiaries by virtue of any of clauses (a) through (c) or (e) through (g) of the definition of "Excluded Subsidiary" as of the last day of and for the relevant Test Period, as the case may be. Notwithstanding the foregoing, for purposes of Article 7 of this Agreement, the term "Immaterial Subsidiary" shall not include any "significant subsidiaries" (as defined in Article 1 of Regulation S-X) or group of subsidiaries that would together constitute a "significant subsidiary" (as so defined).

"**Indebtedness**", as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money (including, for the avoidance of doubt, the Loan); (b) Financing Lease Obligations; (c)

all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or similar instruments; (d) any obligation owed for all or any part of the deferred purchase price of property or services (other than (i) trade accounts payable or accrued expenses in the ordinary course of business and not overdue by more than 60 days past the due date thereof and (ii) any earnout obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and if not paid after becoming due and payable); (e) all Indebtedness of others secured by any Lien on any property or asset owned or held by such Person regardless of whether the Indebtedness secured thereby shall have been assumed by such Person or is non-recourse to the credit of such Person; (f) the amount of any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for reimbursement of drawings; (g) the Guarantee by such Person of the Indebtedness of another; (h) all obligations of such Person in respect of any Disqualified Capital Stock and (i) all net obligations of such Person in respect of any Derivative Transaction, including any hedge agreement, whether or not entered into for hedging or speculative purposes. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent such Person's liability for such Indebtedness is otherwise limited.

Indebtedness shall not include (i) prepaid or deferred revenue arising in the ordinary course of business, (ii) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy warrants or other unperformed obligations of the seller of such asset and (iii) Non-Financing Lease Obligations or other obligations under or in respect of operating leases.

"**Indemnified Taxes**" means (a) Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document other than Excluded Taxes and (b) to the extent not otherwise described in clause (a), Other Taxes.

"**Indemnitee**" has the meaning set forth in Section 8.03(b).

"**Intercreditor Agreement**" means any Acceptable Intercreditor Agreement.

"**Interest Payment Date**" means the last Business Day of each March and September.

"**Investment**" means (a) any purchase or other acquisition, or ownership, by Holdings or any of its Subsidiaries of any of the Securities of any other Person (other than Holdings or any other Loan Party), (b) the acquisition by purchase or otherwise (other than purchases or other acquisitions of inventory, materials, supplies and/or equipment in the ordinary course of business) of all or substantially all of the business, property or fixed assets of any Person or any division or line of business or other business unit of any Person, (c) any Guarantee by Holdings or any of its Subsidiaries of Indebtedness of any other Person (other than Holdings or any other Loan Party) and (d) any loan, advance (other than advances made on an intercompany basis between or among Holdings and the other Loan Parties in the ordinary course of business for the purchase of inventory, materials, supplies and/or equipment or in respect of allocation of corporate overhead expenses) or capital contribution by Holdings or any of its Subsidiaries to any other Person (other than Holdings or any Subsidiary Guarantor). The amount, as of any date of determination, of any Investment in the form of a Guarantee shall be equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof, as determined in good faith by Holdings in accordance with GAAP.

"**Investors**" means (a) the Sponsor and (b) certain other investors that, directly or indirectly, beneficially own Capital Stock in Holdings on the Closing Date (which Persons have been identified in writing to the Lender prior to Closing Date).

"**IP Rights**" has the meaning assigned to such term in Section 3.05(c).

"**IRS**" means the U.S. Internal Revenue Service.

"**Joinder Agreement**" has the meaning assigned to such term in Section 5.10(a).

"**Junior Debt**" means any Indebtedness of Holdings and its Subsidiaries that is (i) expressly subordinated in right of payment to the Obligations (other than Indebtedness among Holdings and its Subsidiaries) ~~or~~, (ii) secured by a Lien on the Collateral that ranks junior in right of security to the Liens on the Collateral securing the Obligations or (iii) unsecured.

"**LCT Election**" has the meaning assigned to such term in Section 1.06.

"**LCT Test Date**" has the meaning assigned to such term in Section 1.06.

"**Lender**" means American Water Enterprises, LLC, a Delaware limited liability company, together with its permitted successors and assigns, acting in such capacity under this Agreement on its own behalf as a Seller and on behalf of the other Sellers under the Purchase Agreement.

"**Lien**" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any Financing Lease Obligation having substantially the same economic effect as any of the foregoing), in each case, in the nature of security; provided that in no event shall a Non-Financing Lease Obligation be deemed to be a Lien.

"**Limited Condition Transaction**" means any acquisition or Investment by one or more of Holdings and its Subsidiaries of any assets, business or Person permitted to be acquired by this Agreement, in each case whose consummation is not conditioned on the availability of, or on obtaining, third party financing.

"**Loan Documents**" means this Agreement, any Promissory Note, the Collateral Documents and each Acceptable Intercreditor Agreement then in effect and any other document or instrument designated by the Borrower and the Lender as a "Loan Document" entered into in accordance with Section 8.02. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, amendments and restatements, supplements or other modifications thereto.

"**Loan Guarantor**" means each Loan Party (except, solely with respect to obligations of the Borrower, the Borrower).

"**Loan Guaranty**" means the guaranty set forth in Article 9 of this Agreement.

"**Loan Parties**" means Holdings, the Borrower and each Subsidiary Guarantor.

"**Loan**" has the meaning assigned to such term in Section 2.01.

"**Margin Stock**" has the meaning assigned to such term in Regulation U.

~~"**Market Disruption Event**" means the occurrence of an event or a set of circumstances that, in either case, has eliminated the ability of market participants in general to borrow, refinance or to otherwise arrange debt financing in the broadly syndicated term loan "B" market in the ordinary course.~~

"**Material Adverse Effect**" means a material adverse effect on (i) the business, financial condition or results of operations, in each case, of Holdings and its Subsidiaries, taken as a whole, (ii) the rights and remedies of the Lender under the applicable Loan Documents or (iii) the ability of the Borrower and the Loan Guarantors to perform their payment obligations under the Loan Documents.

"**Material Real Estate Asset**" means (a) any fee-owned Real Estate Asset owned by any Loan Party as of the Closing Date having a Fair Market Value in excess of $5,000,000 as of such date and (b) any fee-owned Real Estate Asset acquired by any Loan Party after the Closing Date having a Fair Market Value in excess of $5,000,000 as of the date of acquisition thereof.

"**Maturity Date**" means the date that is five years after the Closing Date, *provided* that if such date is not a Business Day, the "Maturity Date" will be the next succeeding Business Day.

"**Maximum Liability**" has the meaning assigned to such term in Section 9.09.

"**Moody's**" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"**Mortgaged Properties**" means, initially, the owned real properties of the Loan Parties specified on Schedule 1.01(c) (if any), and shall include each other Material Real Estate Asset and improvements thereto with respect to which a Mortgage is required to be granted pursuant to Section 5.10.

"**Mortgages**" means any mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of the Lender, for the benefit of the Lender, on any Material Real Estate Assets (it being understood and agreed that any requirement for Mortgages shall be subject to the provisions of Section 5.10).

"**Multiemployer Plan**" means any employee benefit plan which is a "multiemployer plan" as defined in Section 3(37) of ERISA, to which Holdings or any of its Subsidiaries, or any of their respective ERISA Affiliates, makes or is obligated to make contributions and with respect to which any of them has an ongoing obligation.

"**Net Proceeds**" means:

(a) with respect to the Disposition of any asset by Holdings or any Subsidiary or any Casualty/Condemnation Event, the excess, if any, of (i) the sum of cash and Cash Equivalents received by or on behalf of Holdings and its Subsidiaries in connection with such Disposition or Casualty/Condemnation Event (including any cash or Cash Equivalents received by way of deferred payment (but excluding any interest payments) pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received and, with respect to any Casualty/Condemnation Event, any insurance proceeds or condemnation awards in respect of such Casualty/Condemnation Event actually received by or paid to or for the account of Holdings, the Borrower or any Subsidiary) over (ii) the sum of (A) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness that is secured by the asset subject to such

Disposition or Casualty/Condemnation Event and that is required to be repaid (and is actually repaid) in connection with such Disposition or Casualty/Condemnation Event under the existing terms of the documentation thereof (other than Indebtedness under the Loan Documents and Indebtedness secured by Liens that are subject to an Acceptable Intercreditor Agreement), (B) the out-of-pocket fees and expenses (including attorneys' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, other customary expenses and brokerage, consultant and other customary fees) actually incurred by Holdings, the Borrower or such Subsidiary in connection with such Disposition or Casualty/Condemnation Event, (C) taxes paid or reasonably estimated to be actually payable in connection therewith (including withholding taxes imposed on the repartition of any such Net Proceeds) and the amount of any reserves established by Holdings, the Borrower and the Subsidiaries to fund contingent liabilities reasonably estimated to be payable, that are directly attributable to such event, (D) in the case of any Disposition by a non-Wholly-Owned Subsidiary or Casualty/Condemnation Event with respect to assets of a non-Wholly-Owned Subsidiary, the pro rata portion of the net cash proceeds thereof (calculated without regard to this clause (D)) attributable to minority interests and not available for distribution to or for the account of Holdings the Borrower or a Wholly-Owned Subsidiary as a result thereof, and (E) any reserve for adjustment in respect of (x) the sale price of such asset or assets established in accordance with GAAP and (y) any liabilities associated with such asset or assets and retained by Holdings, the Borrower or any Restricted Subsidiary after such sale or other Disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or with respect to any indemnification obligations associated with such transaction; it being understood that "Net Proceeds" shall include (i) any cash or Cash Equivalents received upon the Disposition of any non-cash consideration by Holdings, the Borrower or any Subsidiary in any such Disposition and (ii) upon the reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of any reserve described in clause (E) above or if such liabilities have not been satisfied in cash and such reserve is not reversed within 180 days after such Disposition or Casualty/Condemnation Event, the amount of such reserve; and

(b) with respect to the incurrence of any Indebtedness by Holdings, the Borrower or any Subsidiary or any sale or issuance of Capital Stock by any Borrower, the excess, if any, of (A) the sum of the cash and Cash Equivalents received by or on behalf of Holdings, the Borrower and its Subsidiaries in connection with such incurrence, issuance or sale over (B) the reasonable and customary investment banking fees, discounts, issuance costs, commissions, costs and other out-of-pocket expenses and other customary expenses (and, in the case of the incurrence of any Indebtedness the proceeds of which are required to be used to prepay the Loan hereunder, accrued interest and premium, if any, on the Loan and any other amounts (other than principal) required to be paid in respect of the Loan in connection with any such prepayment and/or reduction), incurred by Holdings, the Borrower or such Subsidiary in connection with such incurrence, issuance or sale.

"**Non-Compliant Subsidiary or Asset**" means (i) any Subsidiary acquired pursuant to a Permitted Acquisition that will not become a Loan Party or (ii) any assets acquired pursuant to a Permitted Acquisition that will not be owned by a Loan Party after giving effect to such Permitted Acquisition.

"**Non-Financing Lease Obligations**" means a lease obligation that is not required to be accounted for as a financing or capital lease on both the balance sheet and the income statement for

financial reporting purposes in accordance with GAAP. For avoidance of doubt, a straight-line or operating lease shall be considered a Non-Financing Lease Obligation.

"**Non-Paying Guarantor**" has the meaning assigned to such term in Section 9.10.

"**Obligated Party**" has the meaning assigned to such term in Section 9.02.

"**Obligations**" means all unpaid principal of and accrued and unpaid interest (including any Applicable Premium, interest, fees and other amounts accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loan, all accrued and unpaid fees and all expenses, reimbursements, indemnities, any Applicable Premium and all other advances to, debts, liabilities, obligations, covenants and duties of any Loan Party to the Lender or any indemnified party arising under the Loan Documents, whether direct or indirect (including those acquired by assumption), absolute, contingent, due or to become due, now existing or hereafter arising.

"**OFAC**" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"**Organizational Documents**" means (a) with respect to any corporation, its certificate or articles of incorporation, formation or organization and its by-laws, (b) with respect to any limited partnership, its certificate of limited partnership, and its partnership agreement, (c) with respect to any general partnership, its partnership agreement, (d) with respect to any limited liability company, its articles of organization or certificate of formation, and its operating agreement and (e) with respect to any other form of entity, such other organizational documents required by local Requirements of Law or customary under such jurisdiction to document the formation and governance principles of such type of entity. In the event any term or condition of this Agreement or any other Loan Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such "Organizational Document" shall only be to a document of a type customarily certified by such governmental official.

"**Other Connection Taxes**" means Taxes imposed on any recipient of any payment to be made by or on account of any obligation of the Borrower or any other Loan Party hereunder as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising solely from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Loan or any Loan Document).

"**Other Taxes**" means any and all present or future stamp, court or documentary, recording or filing Taxes or any other similar Taxes arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or the other Loan Documents, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"**Parent Company**" means (a) any Person of which Holdings is or becomes a subsidiary on or after the Closing Date, (b) any holding company established by any Permitted Holder for purposes of holding its investment in Holdings or any other Parent Company and (c) any other Person of which Holdings is a direct or indirect Subsidiary.

"**Paying Guarantor**" has the meaning assigned to such term in Section 9.10.

"**PBGC**" means the Pension Benefit Guaranty Corporation or any successor thereto.

"**Pension Plan**" means any employee pension benefit plan, as defined in Section 3(2) of ERISA (other than a Multiemployer Plan), subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Holdings or any of its Subsidiaries, or any of their respective ERISA Affiliates, is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"**Permitted Acquisition**" means any purchase or acquisition by Holdings or any of its Subsidiaries, whether by purchase, merger, amalgamation or otherwise, of all or substantially all of the assets of, or of any business or product line, unit or division of, any Person or a majority of the outstanding Capital Stock of any Person (but in any event including (a) any Investment in a Subsidiary which serves to increase Holdings' or any Subsidiary's respective equity ownership in such Subsidiary and (b) any acquisition of or Investment in any joint venture); provided, in each case, (i) (A) such Person becomes a Subsidiary or (B) such Person, in one transaction or a series of related transaction, is amalgamated, merged or consolidated with or into, or transfers or conveys all or substantially all of its assets (or of such business or product line, unit or division) to, or is liquidated into, Holdings or any Subsidiary as a result of such Investments, (ii) such Person (or such business or product line, unit or division) is engaged in a Similar Business, or property and assets or businesses of any Person or of assets constituting a business unit, a line of business or division of such Person, or Capital Stock in a Person that, upon the consummation thereof, will be a Subsidiary of Holdings, provided, in each case, (x) no Event of Default (or in the case of a Limited Condition Transaction, no Specified Event of Default) shall have occurred and be continuing at the time of the consummation of such acquisition and (y) the Consolidated Total Leverage Ratio after giving pro forma effect to the making of such acquisition is not greater than either (1) 7.50:1.00 as of the last day of the Test Period most recently ended on or prior to the making of such acquisition or (2) the Consolidated Total Leverage Ratio immediately prior to the making of such acquisition.

"**Permitted Additional Debt**" means (i) secured or unsecured bonds, notes or debentures (which bonds, notes or debentures, if secured, may be secured either by Liens on the Collateral that rank equal in priority with the Liens on the Collateral securing the Obligations or by Liens on the Collateral that rank junior in priority relative to the Liens on the Collateral securing the Obligations) or (ii) secured or unsecured loans or commitments to provide secured or unsecured loans (which loans or commitments, if secured, may be secured by Liens on the Collateral that rank junior in priority relative to the Liens on the Collateral securing the Obligations or by Liens on the Collateral that rank equal in priority with the Liens on the Collateral securing the Obligations), in each case incurred by the Borrower or a Guarantor; provided that (a) such Indebtedness has a final maturity date that is not ~~later~~earlier than 91 days following the Maturity Date, (b) the covenants, events of default, Subsidiary guarantees and other terms for such Indebtedness or commitments (excluding interest rates (including through fixed interest rates), interest rate margins, rate floors, fees, funding discounts, original issue discounts and redemption or prepayment terms and premiums determined by the Borrower to be market rates, margins, rate floors, fees, discounts, terms and premiums at the time of incurrence of such Indebtedness) not materially more restrictive on Holdings and its Subsidiaries, when taken as a whole, than the terms of this Agreement, when taken as a whole; provided that such terms shall not be deemed to be more restrictive solely as a result of (i) the inclusion in the documentation governing such Indebtedness or commitment of any financial maintenance covenant so long as an equivalent financial maintenance covenant is added to this Agreement for the benefit of the Lender or (ii) covenants or other provisions applicable only to periods after the Maturity Date at such time; provided that, in the event that the Effective Yield for any Permitted Additional Debt that is secured by Liens on all or any part of the Collateral that rank equal in priority with the Liens on the Collateral securing the Obligations is greater than the Effective Yield for the Loan by more than 0.50% per annum, then the interest rate for the Loan shall be increased to the extent necessary so that the

Effective Yield for the Loan is equal to the Effective Yield for such Permitted Additional Debt minus 0.50% per annum, (c) if such Indebtedness is secured, such Indebtedness shall not be secured by any property or assets other than the Collateral and shall be subject to an applicable Acceptable Intercreditor Agreement, and (d) no Subsidiary of Holdings (other than a Guarantor) shall be an obligor under such Indebtedness.

"**Permitted Additional Debt Documents**" means any document or instrument (including any guarantee, security agreement or mortgage and which may include any or all of the Loan Documents) issued or executed and delivered with respect to any Permitted Additional Debt by any Loan Party.

"**Permitted Additional Debt Obligations**" means, if any secured Permitted Additional Debt has been incurred and is outstanding, the collective reference to (a) the due and punctual payment of (i) the principal of and premium, if any, and interest at the applicable rate provided in the applicable Permitted Additional Debt Documents (including interest accruing during the pendency of any proceeding under any Debtor Relief Law, regardless of whether allowed or allowable in such proceeding) on any such Permitted Additional Debt, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment, redemption or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any proceeding under any Debtor Relief Law, regardless of whether allowed or allowable in such proceeding), of the Borrower or any other Loan Party to any of the Permitted Additional Debt Secured Parties under the applicable Permitted Additional Debt Documents and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrower or any Loan Party under or pursuant to applicable Permitted Additional Debt Documents.

"**Permitted Additional Debt Secured Parties**" means the holders from time to time of the secured Permitted Additional Debt Obligations (and any representative on their behalf).

"**Permitted Holders**" means (a) the Investors and (b) any group (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act (or any successor provision)) of which the Investors are members and any other member of such group; provided, that in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in clauses (a) and (b), collectively, have beneficial ownership of more than 50% of the total voting power of the issued and outstanding Voting Stock of Holdings or any of its direct or indirect parent companies held by such group.

"**Permitted Liens**" means Liens permitted pursuant to Section 6.02.

"**Permitted Refinancing Indebtedness**" means, with respect to any Indebtedness (the "**Refinanced Indebtedness**"), any Indebtedness incurred in exchange for or as a replacement of (including by entering into alternative financing arrangements in respect of such exchange or replacement (in whole or in part), either by adding or replacing lenders, creditors, agents, borrowers and/or guarantors, or after the original instrument giving rise to such Indebtedness has been terminated and including, by entering into any new credit agreement, loan agreement, note purchase agreement, indenture or other agreement), or the net proceeds of which are incurred for the purpose of modifying, extending, refinancing, renewing, replacing, redeeming, repurchasing, defeasing, amending, supplementing, restructuring, repaying or refunding (collectively to "**Refinance**" or a "**Refinancing**" or "**Refinanced**"), such Refinanced Indebtedness (or previous refinancing thereof constituting Permitted Refinancing Indebtedness); provided that (a) after giving effect to such Refinancing, the principal amount (or accreted value, if applicable) thereof will not exceed the principal amount (or accreted value, if applicable) of the Refinanced Indebtedness except by an amount equal to unpaid accrued interest and premium thereon plus

other customary and reasonable amounts paid, and fees and expenses incurred, in connection with such Refinancing plus an amount equal to any existing commitments unutilized thereunder, (b) other than with respect to a Refinancing of Indebtedness permitted pursuant to Section 6.01(j), such Permitted Refinancing Indebtedness has a maturity date that is equal to or greater than the maturity date of the Refinanced Indebtedness, (c) (i) if such Refinanced Indebtedness is unsecured, such Permitted Refinancing Indebtedness shall be unsecured and (ii) if such Refinanced Indebtedness is secured, such Permitted Refinancing Indebtedness shall either be unsecured or secured by the same collateral, and with the same (or junior) lien priority, as exists with respect to the Refinanced Indebtedness, (d) each of the obligors with respect to such Permitted Refinancing Indebtedness are Guarantors, (e) other than with respect to revolving Indebtedness, such Refinancing Indebtedness has (1) a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being refinanced, refunded or replaced (without giving effect to any prepayments thereof) or (2) a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the outstanding Loan at such time, and (f) (i) to the extent such Refinanced Indebtedness is subordinated in right of payment to the Obligations, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Obligations on terms at least as favorable to the Lender, when taken as a whole, as those contained in the documentation governing the Indebtedness being so Refinanced and (ii) the terms and conditions (including, if applicable, as to collateral but excluding as to subordination, interest rates (including through fixed interest rates), interest rate margins, rate floors, fees, funding discounts, original issue discounts and redemption or prepayment terms and premiums) of any such Permitted Refinancing Indebtedness, taken as a whole, are not materially more restrictive on Holdings and its Subsidiaries, when taken as a whole, than the terms and conditions of the Refinanced Indebtedness; provided that such terms and conditions shall not be deemed to be more restrictive solely as a result of (x) the inclusion in the documentation governing such Indebtedness or commitment of any financial maintenance covenant or (y) covenants or other provisions applicable only to periods after the Maturity Date at the time of such Refinancing.

"**Person**" means any natural person, corporation, unlimited liability company, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or any other entity.

"**Pledge and Security Agreement**" means that certain Pledge and Security Agreement, dated as of the date hereof, among the Borrower, the other Loan Parties and the Lender in the form attached hereto as Exhibit H.

"**Prepayment Asset Sale**" means any Disposition by Holdings or its Subsidiaries made pursuant to Section 6.06(g), (m) or (q).

"**Primary Obligor**" has the meaning assigned to such term in the definition of "Guarantee".

"**Pro Forma Basis**" or "**pro forma effect**" means with respect to any determination of the Consolidated Total Leverage Ratio, or Consolidated Adjusted EBITDA (including, in each case, component definitions thereof) that:

(a) (i) in the case of any Disposition of all or substantially all of the Capital Stock of any Subsidiary or any business or product line, unit or division of Holdings and/or any Subsidiary, income statement items attributable to the property or Person subject to such Subject Transaction shall be excluded as of the first day of the applicable Test Period with respect to any test or covenant for which the relevant determination is being made and (ii) in the case of any Permitted Acquisition and/or Investment, income statement items (whether positive or negative and including any Expected Run Rate Benefit) attributable to the property or Person subject to such Subject Transaction shall be included as of the first day of the applicable Test Period with respect to any test or covenant for which the relevant determination

is being made; provided that the pro forma adjustments described in this clause (a) may be applied to any such test or covenant solely to the extent that such adjustments are consistent with the definition of "Consolidated Adjusted EBITDA",

(b) any Business Optimization Initiative (and any Expected Run Rate Benefit attributable thereto) shall be deemed to have occurred as of the first day of the applicable Test Period with respect to any test or covenant for which the relevant determination is being made,

(c) any retirement or repayment of Indebtedness (other than Indebtedness retired or repaid under any revolving credit facility or line of credit unless such Indebtedness has been permanently repaid and not replaced) by Holdings, any of its Subsidiaries shall be deemed to have occurred as of the first day of the applicable Test Period with respect to any test or covenant for which the relevant determination is being made,

(d) any Indebtedness incurred or assumed by Holdings or any of its Subsidiaries shall be deemed to have occurred as of the first day of the applicable Test Period with respect to any test or covenant for which the relevant determination is being made; provided that, (i) if such Indebtedness has a floating or formula rate, such Indebtedness shall have an implied rate of interest for the applicable Test Period for purposes of this definition determined by utilizing the rate that is or would be in effect with respect to such Indebtedness at the relevant date of determination (taking into account any interest hedging arrangements applicable to such Indebtedness), (ii) interest on any obligation with respect to any Financing Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a Responsible Officer of the Borrower to be the rate of interest implicit in such obligation in accordance with GAAP and (iii) interest on any Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rate shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen by the Borrower,

(e) each other Subject Transaction shall be deemed to have occurred as of the first day of the applicable Test Period (or, in the case of consolidated total assets, as of the last day of such Test Period) with respect to any test or covenant for which such calculation is being made,

(f) the Unrestricted Cash Amount shall be calculated as of the date of the consummation of such Subject Transaction after giving pro forma effect thereto (other than, for the avoidance of doubt, the cash proceeds of any Indebtedness that is the Subject Transaction for which such a calculation in being made or is incurred to finance such Subject Transaction); and

(g) solely with respect to applicable calculations or determinations to be made in connection with a Permitted Acquisition or similar Investment, any Revolving Facility Indebtedness outstanding or incurred (including by assumption or guarantee) prior to, or simultaneously with, the event for which the Pro Forma Basis or pro forma effect determination of such ratio or other test is being made that is used to finance working capital needs of the Holdings and its Subsidiaries (as reasonably determined by the Borrower) shall, in each case, be disregarded.

Whenever a financial ratio or test or covenant is to be calculated on a Pro Forma Basis, the reference to the "Test Period" for purposes of calculating such financial ratio or test shall be deemed to be a reference to, and shall be based on, the most recently ended Test Period.

"**Promissory Note**" means ~~a promissory note of~~that certain Amended and Restated Promissory Note, dated as of the Amendment No. 1 Effective Date, made by the Borrower and payable to the Lender

or its registered assigns, in substantially the form of Exhibit C hereto, evidencing the aggregate outstanding principal amount of Loan of the Borrower to such Lender resulting from the Loan made by such Lender.

"**Public Company**" shall mean any Person with a class or series of Capital Stock that is traded on the New York Stock Exchange, the NASDAQ, the Luxembourg Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange, The International Stock Exchange or any comparable stock exchange or similar market.

"**Purchase**" means the purchase of the Units (as defined in the Purchase Agreement) by the Purchaser pursuant to the Purchase Agreement.

"**Purchase Agreement**" means the Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, a Delaware limited liability company ("**American Water Enterprises**"), American Water (USA), LLC, a Delaware limited liability company ("**American Water USA**" and together with American Water Enterprises, the "**Sellers**"), American Water Resources, LLC, a Virginia limited liability company ("**American Water Resources**"), Pivotal Home Solutions, LLC, a Delaware limited liability company ("**Pivotal**"), American Water Resources Holdings, LLC, a Delaware limited liability company ("**American Water Holdings**"), American Water Works Company, Inc., a Delaware corporation, and the Borrower (acting in its capacity as the "Purchaser" under the Purchase Agreement, the "**Purchaser**"), as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

"**Purchase Documents**" means the Purchase Agreement and all schedules, exhibits and annexes to each of the foregoing, the Ancillary Documents (as defined in the Purchase Agreement) and all side letters, instruments and agreements affecting the terms of the foregoing or entered into in connection therewith.

"**Purchaser**" has the meaning assigned to such term in the definition of Purchase Agreement.

"**Qualified Capital Stock**" of any Person means any Capital Stock of such Person that is not Disqualified Capital Stock.

"**Qualifying IPO**" means any transaction or series of related transactions that results in any of the common Capital Stock of Holdings and/or any Parent Company (and/or any permitted successor thereto) being publicly traded on any U.S. national securities exchange or over-the-counter market or any analogous exchange in any jurisdiction.

"**Real Estate Asset**" means, at any time of determination, all right, title and interest (fee, leasehold or otherwise) in and to real property (including, but not limited to, land, improvements and fixtures thereon).

"**Refinance**, **Refinanced** and **Refinancing**" each has the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness."

"**Refinanced Indebtedness**" has the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness."

"**Regulated Entity**" means any Subsidiary or Affiliate of Holdings, including American Water Resources, LLC, a Virginia limited liability company, American Water Resources of Texas, LLC, a Delaware limited liability company, American Water Resources of Florida, LLC, a Delaware limited

liability company, and Pivotal Home Solutions, LLC, a Delaware limited liability company, that engages in the service contract business pursuant to applicable state insurance and service contract regulatory laws.

"**Regulation U**" means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"**Regulation X**" means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"**Related Parties**" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, trustees, employees, partners, agents, advisors and other representatives of such Person and such Person's Affiliates.

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the Environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Material), including the movement of any Hazardous Material through the air, soil, surface water or groundwater.

"**Representatives**" has the meaning assigned to such term in Section 8.13(a).

"**Requirements of Law**" means, with respect to any Person, collectively, the common law and all federal, state, provincial, territorial, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of any Governmental Authority, in each case whether or not having the force of law and that are applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" of any Person means the chief executive officer, a director, the president, executive vice president, any senior vice president, any vice president, the chief operating officer or any Financial Officer of such Person and any other individual or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement, and, as to any document delivered on the Closing Date (but subject to the express requirements set forth in Section 5.14), shall include any secretary or assistant secretary or any other individual or similar official thereof with substantially equivalent responsibilities of a Loan Party. The Lender shall be entitled to conclusively presume that (i) any document delivered hereunder that is signed by a Responsible Officer of a Loan Party has been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party, and (ii) such Responsible Officer has acted on behalf of such Loan Party.

"**Restricted Debt Payment**" has the meaning set forth in Section 6.04(c).

"**Restricted Payment**" means (a) any dividend or other distribution on account of any shares of any class of the Capital Stock of Holdings or any Subsidiary now or hereafter outstanding, except a dividend payable solely in shares of Qualified Capital Stock to the holders of such class, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value of any shares of any class of the Capital Stock of Holdings or any Subsidiary now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of the Capital Stock of Holdings or any Subsidiary now or hereafter

outstanding and (d) any payment made by Holdings or any Subsidiary pursuant to the Revenue Share Agreement (as defined in the Purchase Agreement).

"**Return**" shall mean, with respect to any Investment, any dividend, distribution, interest, fee, premium, return of capital, repayment of principal, income, profit (from a Disposition or otherwise) and any other similar amount received or realized in respect thereof.

"**Revolving Facility Indebtedness**" means obligations pursuant to secured or unsecured revolving credit facilities and letter of credit facilities; provided that such Indebtedness (i) shall rank equal in right of payment with the Loan and, if secured, shall be secured by Liens on the Collateral that rank equal in priority with the Liens on the Collateral securing the Obligations and, if secured, shall be secured only by the Collateral securing the Obligations pursuant to an Acceptable Intercreditor Agreement, (ii) shall not be guaranteed by any Person that is not a Guarantor hereunder, (iii) shall have interest rates (including through fixed interest rates), interest margins, rate floors, upfront fees, undrawn commitment fees, funding discounts, original issue discounts, prepayment terms and premiums and commitment reduction and termination terms as determined by the Borrower and the lenders of such commitments and (iv) other than with respect to any financial maintenance covenant shall have terms and conditions not be materially more restrictive (when taken as a whole) on Holdings and the Subsidiaries than the terms of this Agreement, when taken as a whole (except for covenants or other provisions applicable only to the periods after the Maturity Date (it being understood to the extent that any covenant or other provision is added for the benefit of any Revolving Facility Indebtedness, no consent shall be required from any party to the extent that such covenant or provision is also added for the benefit of this Agreement).

"**S&P**" means S&P Global Ratings, a subsidiary of S&P Global Inc., and any successor to its rating agency business.

"**Sale and Lease-Back Transaction**" has the meaning assigned to such term in Section 6.07.

"**Sanctioned Country**" means any country or territory that, at the relevant time, is the subject or target of any comprehensive or countrywide Sanctions. As at the date hereof, Sanctioned Countries include Cuba (solely with respect to any Person organized under the laws of the United States or any political subdivision thereof), Iran, North Korea, Syria, and the Crimea Region.

"**Sanctions**" means any United States sanctions administered by OFAC or the U.S. Department of State.

"**SEC**" means the Securities and Exchange Commission.

"**Securities**" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing; provided that "Securities" shall not include any earn-out agreement or obligation or any employee bonus or other incentive compensation plan or agreement.

"**Securities Act**" means the Securities Act of 1933 and the rules and regulations of the SEC promulgated thereunder.

"**Security Agreement Joinder Agreement**" has the meaning assigned to such term in the Pledge and Security Agreement.

"**Seller Note Amount**" has the meaning assigned to such term in the Purchase Agreement, with the Seller Note Amount being equal to and constituting an initial principal amount of the Loan of $720,000,000 as of the ~~date of this Agreement~~Closing Date.

"**Sellers**" has the meaning assigned to such term in the definition of "Purchase Agreement".

"**Similar Business**" means any Person the majority of the revenues of which are derived from a business that would be permitted by Section 5.11 if the references to "Subsidiaries" in Section 5.11 were read to refer to such Person.

"**Sold Entity or Business**" has the meaning assigned to such term in the definition of "Consolidated Adjusted EBITDA."

"**Specified 2024 Acquisition**" means the purchase and acquisition by American Water Resources from the seller thereof all of such seller's right, title and interest in and to the Purchased Assets (as defined in the Specified 2024 Acquisition Agreement).

"**Specified 2024 Acquisition Agreement**" means that certain Asset Purchase Agreement, dated as of February 2, 2024, by and among, among other parties, American Water Resources, as buyer and Holdings, as guarantor (as may be amended, restated, amended and restated, supplemented or modified from time to time in a manner not materially adverse to the Lender).

"**Specified 2024 Acquisition Closing Date**" means the "Closing Date" as defined in the Specified 2024 Acquisition Agreement (or, if different, the date on which the Specified 2024 Acquisition has closed (whether pursuant to the Specified 2024 Acquisition Agreement or otherwise)).

"**Specified 2024 Acquisition Outside Date**" means the date that is ninety (90) days after the Amendment No. 1 Effective Date.

"**Specified 2024 Acquisition Required Contribution**" means the cash contributions in the form of common equity made by the Sponsor and/or the other Investors directly or indirectly to the Borrower in an aggregate amount equal to $50,000,000, in accordance with Section 5.16(a) hereof.

"**Specified 2024 Acquisition Total Contribution**" means the cash contributions in the form of common equity made by the Sponsor and/or the other Investors directly or indirectly to the Borrower in an aggregate amount equal to $86,700,000, in accordance with Section 5.16(b) hereof; provided, that the amount of Specified 2024 Acquisition Total Contribution required to be made in accordance with Section 5.16 shall be reduced by the amount of the Specified 2024 Acquisition Required Contribution that has been made, if any.

"**Specified Event of Default**" means an Event of Default specified in Sections 7.01(a), 7.01(c) (solely as it relates to ~~Sections~~Section 2.03~~ or 2.04~~), 7.01(f) or 7.01(g))

"**Sponsor**" means Apax Partners, L.P. and each of its Affiliates and any funds, partnerships or other investment vehicles managed or controlled by it or its Affiliates, but not including, however, any of their operating portfolio companies.

"**Subject Transaction**" means (a) the Transactions, (b) any Permitted Acquisition or any other acquisition or Investment, (c) any sale, transfer or Disposition of all or substantially all assets of a

Subsidiary or a line of business or division, (d) any incurrence or assumption of Indebtedness, (e) any prepayment, redemption, repurchase, defeasance, acquisition similar payment, extinguishment, retirement or repayment of Indebtedness and/or (f) the implementation of any Business Optimization Initiative.

"**subsidiary**" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of such Person or a combination thereof; provided that in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.

"**Subsidiary**" means any subsidiary of Holdings.

"**Subsidiary Guarantor**" means (a) on the Closing Date, each Subsidiary of Holdings (other than any Excluded Subsidiary and other than the Borrower) and (b) thereafter, each Subsidiary of Holdings (other than any Excluded Subsidiary and other than the Borrower) that thereafter guarantees the Obligations pursuant to the terms of this Agreement, in each case, until such time as the respective Subsidiary is released from its obligations under the Loan Guaranty in accordance with the express terms and provisions hereof.

"**Taxes**" means any and all present and future taxes, assessments, levies, imposts, duties, deductions, charges or withholdings (including backup withholding) imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Termination Date**" has the meaning assigned to such term in the lead-in to Article 5.

"**Test Period**" means, as of any date, the period of four consecutive Fiscal Quarters then most recently ended for which financial statements of the type described in Section 5.01(a) or 5.01(b), as applicable, have been delivered.

"**Threshold Amount**" means the greater of (a) $15,000,000 and (b) 15% of Consolidated Adjusted EBITDA for the most recently ended Test Period.

"**Transaction Costs**" means fees, premiums, expenses and other transaction costs (including original issue discount and upfront fees) payable or otherwise borne by Holdings, any Parent Company, the Borrower and its subsidiaries in connection with the Transactions, this Agreement, the other Loan Documents, the Purchase Documents and the transactions contemplated hereby and thereby.

"**Transactions**" means, collectively, (a) the Purchase, (b) the execution, delivery and performance by the Loan Parties of the Loan Documents to which they are a party and the borrowing of the Loan hereunder, (c) the payment of the Transaction Costs and (d) the consummation of any other transactions in connection with the foregoing (including in connection with the Purchase Documents).

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the grant or perfection of security interests.

"**U.S.**" means the United States of America.

"**Unrestricted Cash Amount**" means, as of any date of determination, the aggregate amount of unrestricted Cash and Cash Equivalents of the Loan Parties that is held in an account pledged to the Lender and subject to a perfected First Priority Lien in favor of the Lender, to the extent the use thereof for the application to the payment of Indebtedness is not prohibited by any Requirement of Law or any contract binding on Holdings or any of its Subsidiaries.

"**USA PATRIOT Act**" means The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"**Voting Stock**" shall mean, with respect to any Person, shares of such Person's Capital Stock that is at the time generally entitled, without regard to contingencies, to vote in the election of the Board of Directors of such Person. To the extent that a partnership agreement, limited liability company agreement or other agreement governing a partnership or limited liability company provides that the members of the Board of Directors of such partnership or limited liability company (or, in the case of a limited partnership whose business and affairs are managed or controlled by its general partner, the Board of Directors of the general partner of such limited partnership) are appointed or designated by one or more Persons rather than by a vote of Voting Stock, each of the Persons who are entitled to appoint or designate the members of such Board of Directors will be deemed to own a percentage of Voting Stock of such partnership or limited liability company equal to (a) the aggregate votes entitled to be cast on such Board of Directors by the members of such Board of Directors which such Person or Persons are entitled to appoint or designate divided by (b) the aggregate number of votes of all members of such Board of Directors.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment (it being understood that the Weighted Average Life to Maturity shall be determined without giving effect to any change in installment or other payments of principal resulting from prepayments of such Indebtedness); by (b) the then outstanding principal amount of such Indebtedness.

"**Wholly-Owned Subsidiary**" of any Person means a subsidiary of such Person, 100% of the Capital Stock (including all voting and economic rights) of which (other than directors' qualifying shares or shares required by law to be owned by a resident of the relevant jurisdiction) shall be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

SECTION 1.02. Terms Generally; Reclassification.

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context

requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein or in any Loan Document shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified, extended, refinanced or replaced (subject to any restrictions or qualifications on such amendments, restatements, amendment and restatements, supplements or modifications, extensions, refinancings or replacements set forth herein or in any Loan Document), (b) any reference to any law in any Loan Document shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such law, (c) any reference herein or in any Loan Document to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision hereof or thereof, (e) all references herein or in any Loan Document to Articles, Sections, clauses, paragraphs, Exhibits and Schedules shall be construed to refer to Articles, Sections, clauses and paragraphs of, and Exhibits and Schedules to, such Loan Document, (f) in the computation of periods of time in any Loan Document from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" mean "to but excluding" and the word "through" means "to and including" and (g) the words "asset" and "property", when used in any Loan Document, shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including Cash, securities, accounts and contract rights.

SECTION 1.03. Accounting Terms; GAAP; Certain Calculations.

(a) All financial statements to be delivered pursuant to this Agreement shall be prepared in accordance with GAAP as in effect from time to time and, except as otherwise expressly provided herein, all terms of an accounting or financial nature that are used in calculating the Consolidated Total Leverage Ratio, or Consolidated Adjusted EBITDA shall be construed and interpreted in accordance with GAAP as in effect from time to time; provided that, if the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date of delivery of the first financial statements pursuant to Section 5.01(a) or 5.01(b), as applicable, in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Borrower that it requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change becomes effective until such notice have been withdrawn or such provision amended in accordance herewith; provided, further, that if such an amendment is requested by the Borrower or the Lender, then the Borrower and the Lender shall negotiate in good faith to enter into an amendment of the relevant affected provisions (without the payment of any amendment or similar fee to the Lender) to preserve the original intent thereof in light of such change in GAAP or the application thereof.

(b) Notwithstanding anything to the contrary herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to (i) any election under Accounting Standards Codification Topic 815 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of Holdings or any subsidiary at "fair value," as defined therein, and (ii) any treatment of Indebtedness in respect of convertible debt instruments under applicable standards promulgated by the US Financial Accounting Standards Board and GAAP to value any such

Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(c) Notwithstanding anything to the contrary herein, financial tests (including the Consolidated Total Leverage Ratio, and Consolidated Adjusted EBITDA) contained in this Agreement that are calculated with respect to any Test Period during which any Subject Transaction occurs shall be calculated with respect to such Test Period and such Subject Transaction on a Pro Forma Basis and to the extent the proceeds of any new Indebtedness are to be used to repay other Indebtedness (including by repurchase, redemption, retirement, extinguishment, defeasance, discharge or pursuant to escrow or similar arrangements), Holdings shall be permitted to give effect to such repayment of Indebtedness on a Pro Forma Basis.

SECTION 1.04. Timing of Payment of Performance; Times of Day. When payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Unless otherwise specified herein, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

SECTION 1.05. Division of Limited Liability Company. Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a subsidiary, Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

SECTION 1.06. Limited Condition Transactions.

In connection with any action being taken solely in connection with a Limited Condition Transaction, for purposes of:

(i) determining compliance with any provision of this Agreement which requires the calculation of the Consolidated Total Leverage Ratio;

(ii) determining the accuracy of representations and warranties and/or whether a Default or Event of Default shall have occurred and be continuing (or any subset of Defaults or Events of Default); or

(iii) testing availability under baskets set forth in this Agreement (including baskets measured as a percentage of Consolidated Adjusted EBITDA);

in each case, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Transaction, an "**LCT Election**"), with such option to be exercised on or prior to the date of execution of the definitive agreements related to such Limited Condition Transaction, the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into (the "**LCT Test Date**"), and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness or Liens and the use of proceeds thereof) as if they had occurred at the beginning of the

most recent Test Period ending prior to the LCT Test Date, the Borrower could have taken such action on the relevant LCT Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with. For the avoidance of doubt, if the Borrower has made an LCT Election and any of the ratios or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated Adjusted EBITDA of the Borrower or the Person subject to such Limited Condition Transaction, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of the incurrence ratios subject to the LCT Election on or following the relevant LCT Test Date and prior to the earlier of (i) the date on which such Limited Condition Transaction is consummated or (ii) the date that the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio or basket shall be calculated on a Pro Forma Basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness or Liens and the use of proceeds thereof) have been consummated, except that (other than solely with respect to the incurrence ratios subject to the LCT Election) Consolidated Adjusted EBITDA, and Consolidated Net Income of any target or targets of such Limited Condition Transaction shall only be used in the determination of any incurrence ratio and/or asset-based basket if and when such Limited Condition Transaction has been consummated.

ARTICLE 2 THE LOAN

SECTION 2.01. The Loan. As contemplated by the Purchase Agreement and for value received, on the Closing Date and upon the occurrence of the Closing (as defined in the Purchase Agreement), for all purposes hereunder, the aggregate amount of the Seller Note Amount shall, automatically and without further action by any Person, constitute the "**Loan**" to be paid by the Borrower to the Lender in accordance with the terms hereof. ~~On and as of the Closing Date, the Borrower acknowledges and agrees that the outstanding principal amount owed to the Lender pursuant to the Loan, this~~Upon the occurrence of the Amendment No. 1 Effective Date, (x) for value received, an aggregate amount equal to $75,000,000 (which is the aggregate amount of the Delayed Payment) shall, for all purposes and automatically and without further action by any Person, be added to and constitute a fungible part of the Loan to be paid by Borrower to the Lender in accordance with the terms hereof and (y) the aggregate outstanding principal amount of the Loan (as defined prior to giving effect to Amendment No. 1) and the $75,000,000 increase contemplated by the preceding clause (x) shall, from and after such date, together be deemed to be the "**Loan**" for all purposes hereunder. The Borrower and the Lender acknowledge and agree that (i) as of the Amendment No. 1 Effective Date, the outstanding principal amount of the Loan (for the avoidance of doubt, after giving effect to the inclusion therein of the $75,000,000 increase (which is the aggregate amount of the Delayed Payment) as contemplated by this paragraph) is $795,000,000, (ii) the inclusion of the $75,000,000 increase in the Loan shall not constitute a novation of the Seller Note Agreement and the other Loan Documents ~~is $720,000,000~~as in effect prior to the Amendment No. 1 Effective Date.

SECTION 2.02. Repayment of the Loan; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to repay in full the outstanding principal amount of the Loan to the Lender on the Maturity Date, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment; and together with any other Obligations due and owing under this Agreement and the

other Loan Documents. For the avoidance of doubt, amounts paid or prepaid in respect of the Loan may not be reborrowed.

(b) The Lender shall maintain an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from the Loan made by the Lender, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder.

(c) The entries made in the accounts maintained pursuant to clause (b) of this Section 2.02 shall be prima facie evidence of the existence and amounts of the Obligations recorded therein (absent manifest error); provided that the failure of the Lender to maintain such accounts or any manifest error therein shall not in any manner affect the obligation of the Borrower to repay the Loan and/or any other Obligations in accordance with the terms of this Agreement and the other Loan Documents.

(d) The Loan shall be evidenced by a Promissory Note. In furtherance of the foregoing, the Borrower shall prepare, execute and deliver to the Lender a Promissory Note payable to the Lender; it being understood and agreed that the Lender shall be required to return such Promissory Note to the Borrower for cancellation upon the Termination Date. If the Lender loses the original copy of its Promissory Note, it shall execute an affidavit of loss containing an indemnification provision that is reasonably satisfactory to the Borrower. The obligation of the Lender to execute an affidavit of loss containing an indemnification provision that is reasonably satisfactory to the Borrower shall survive the Termination Date.

SECTION 2.03. Prepayment of the Loan.

(a) Optional Prepayments. Prior to the ~~earlier of (i) the Put Right Election Date and (ii) the~~ date that is four years after the Closing Date (~~such earlier date,~~ the "**Call Protection Termination Date**"), the Borrower shall not voluntarily prepay the Loan in whole or in part. At any time on or after the Call Protection Termination Date, the Borrower may, upon three Business Days prior notice to the Lender, at any time or from time to time voluntarily prepay the Loan in whole or in part without premium or penalty but together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment; and together with any other Obligations then due and owing, if any, under this Agreement and the other Loan Documents; provided that any prepayment shall be in a minimum principal amount of $500,000 or a whole multiple of $100,000 in excess thereof or, the entire principal amount thereof then outstanding. Prepayments shall be accompanied by accrued interest as required by Section 2.05. The Borrower acknowledges and agrees that a breach of this Section 2.03(a) will result in an immediate Event of Default pursuant to Section 7.01, entitling the Lender to exercise any and all remedies pursuant to Article 7, including the payment of the Applicable Premium as provided in Article 7.

(b) Mandatory Prepayments.

(i) At the option of the Lender in its sole and absolute discretion, no later than the fifth Business Day following the receipt of any Net Proceeds in respect of any Prepayment Asset Sale or any Casualty/Condemnation Event, in each case, in excess of (x) $5,000,000 in a single transaction or series of related transactions and (y) $20,000,000 in any fiscal year, the Borrower shall apply an amount (collectively, the "**Subject Proceeds**") equal to 100% of such Net Proceeds in excess of such thresholds set forth in the foregoing clauses (x) and (y) to prepay the outstanding Loan, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment; and together with any other Obligations then due and owing, if any, under this Agreement and the other Loan Documents; provided, that

if Holdings or any of its Subsidiaries intends to reinvest such Net Proceeds in the business of Holdings or any of its subsidiaries (including any acquisitions or other Investment permitted under Section 6.05) within 18 months following receipt thereof, then no prepayment shall be required pursuant to this clause (i) in respect of such Net Proceeds (or the applicable portion thereof, if applicable) except to the extent of any such Net Proceeds that have not been so invested (or contractually committed to be invested) by the end of such 18-month period (or, if contractually committed to be so invested within such 18-month period, have not been so invested within 24 months after receipt thereof), at which time a prepayment shall be required in an amount equal to such Net Proceeds that have not been so invested (or contractually committed to be invested).

(ii) At the option of the Lender in its sole and absolute discretion, in the event that Holdings or any of its Subsidiaries shall receive Net Proceeds from the issuance or incurrence of Indebtedness of Holdings or any of its Subsidiaries (other than with respect to Indebtedness permitted under Section 6.01), the Borrower shall, substantially simultaneously with (and in any event not later than the Business Day immediately following) the receipt of such Net Proceeds by Holdings or such Subsidiary, apply an amount equal to 100% of such Net Proceeds to prepay the outstanding Loan together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment; and together with any other Obligations, if any, then due and owing under this Agreement and the other Loan Documents.

(iii) No later than the tenth (10^{th}) Business Day after the date on which the financial statements with respect to any Fiscal Year of Holdings are required to be delivered pursuant to Section 5.01(b), commencing with the Fiscal Year ending December 31, 2024, (A) with respect to the Fiscal Year ending December 31, 2024, solely in the event that the Consolidated Total Leverage Ratio is greater than 5.00:1.00 as of the last day of the applicable Test Period and (B) with respect to the Fiscal Year ending December 31, 2025 and any Fiscal Year ending thereafter, solely in the event that the Consolidated Total Leverage Ratio is greater than 4.75:1.00 as of the last day of the applicable Test Period, the Borrower shall prepay outstanding Loan in an aggregate principal amount (the "**ECF Prepayment Amount**") equal to 75% of Excess Cash Flow for such Fiscal Year; provided that, at the option of the Lender in its sole and absolute discretion, the Lender may, in lieu of requiring any prepayment of the Loan with any ECF Prepayment Amount required pursuant to this clause (iii), require that such ECF Prepayment Amount be deposited by the Borrower in the ECF Control Account; provided, further, that any amount drawn by the Lender from the ECF Control Account in accordance with this clause (iii) shall reduce the aggregate principal amount of the Loan outstanding under this Agreement on a dollar-for-dollar basis; provided, further, that any funds remaining in the ECF Control Account on the Maturity Date shall be applied to the repayment of the outstanding Loan. For the avoidance of doubt, no funds deposited into the ECF Control Account in accordance with this Section 2.03(b)(iii) shall constitute Declined Proceeds.

(iv) Solely in the event that the Specified 2024 Acquisition is not consummated on or prior to the Specified 2024 Acquisition Outside Date, the Borrower shall prepay a portion of the outstanding Loan in an aggregate principal amount equal to $75,000,000 within three (3) Business Days of the Specified 2024 Acquisition Outside Date.

(v) ~~(iii)~~The Lender may elect in its sole and absolute discretion, by written notice to the Borrower no later than 1:00 p.m. one Business Day prior to any prepayment of the Loan required to be made by the Borrower pursuant to this Section 2.03(b) (other than, for the avoidance of doubt, any amount deposited into the ECF Control Account in accordance with Section 2.03(b)(iii)), to decline all or any portion of any such mandatory prepayment (such declined amounts, the "**Declined**

Proceeds"), in which case such Declined Proceeds may be retained by the Borrower. If the Lender fails to deliver a notice of election declining receipt of such mandatory prepayment to the Borrower within the time frame specified above, the Borrower shall promptly (but in any event within one Business Day) send a written notice to the Lender requesting the Lender to make a determination whether or not to decline such ~~amounts.~~

(vi) ~~(iv)~~The Borrower shall deliver to the Lender written notice no later than 12:00 p.m. two Business Days prior to the time of each prepayment required under Section 2.03(b); furthermore, the Borrower shall deliver to the Lender, at the time of each prepayment required under this Section 2.03(b), a certificate signed by a Responsible Officer of the Borrower setting forth in reasonable detail the calculation of the amount of such prepayment. Each such certificate shall specify the principal amount of the Loan or portion thereof to be prepaid. Prepayments shall be accompanied by accrued interest as required by Section 2.05. All prepayments of the Loan under this Section 2.03(b) (other than any prepayments under Section 2.03(b)(iii) and (iv)) shall be subject to Section 2.03(c).

(c) If the Borrower makes any prepayment of the Loan pursuant to Section 2.03(b)(i) or (ii) prior to the Call Protection Termination Date, the Borrower will pay to the Lender, in addition to the outstanding principal amount of the Loan being prepaid plus any accrued and unpaid interest thereon and any other Obligations then due and owing, if any, to but excluding, the prepayment date, a premium in an amount equal to the Applicable Premium.

SECTION 2.04. ~~Put Option~~[Reserved]. ~~Upon not less than six months' prior written notice to the Borrower (the date such notice is delivered to the Borrower, the "**Put Right Election Date**"; provided that the Put Right Election Date may not occur prior to the date that is 36 months after the Closing Date), the Lender may, in its sole and absolute discretion, require that the Borrower prepay the outstanding principal amount of the Loan in full, in Cash in Dollars, together with the payment of accrued but unpaid interest and any other accrued but unpaid amounts hereunder to the date of prepayment and any other Obligations then due and owing on the date specified in such written notice (the "**Put Right Repayment Date**"), but without premium or penalty (and for the avoidance of doubt, without any Applicable Premium); provided, however, that if a Market Disruption Event shall have occurred and is continuing as of the Put Right Repayment Date, then so long as the Market Disruption Event shall continue, the Borrower shall not be required to prepay the outstanding principal amount of the Loan in full as provided in this Section 2.04. For the avoidance of doubt, upon the termination of any Market Disruption Event, the Borrower shall immediately comply with its obligations under this Section 2.04 to immediately prepay in full in Cash in Dollars the outstanding principal amount of the Loan together with accrued but unpaid interest and any other accrued but unpaid amounts hereunder to the date of prepayment and any other Obligations then due and owing.~~

SECTION 2.05 Interest.

(a) The Loan shall bear interest at (i) prior to the Amendment No. 1 Effective Date, 7.00% per annum and (ii) on and after the Amendment No. 1 Effective Date, 10.00% per annum.

(b) Notwithstanding the foregoing, if any principal of or interest on the Loan or any fee payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, or upon the occurrence of an Event of Default, any and all overdue amounts (including, but not limited to, principal, interest and fees) payable hereunder shall bear

interest, to the fullest extent permitted by law, after as well as before judgment, at a rate per annum equal to 2.00% *plus* the rate otherwise applicable to the Loan as provided in Section 2.05(a).

(c) Accrued interest on the Loan shall be payable in cash in arrears on each Interest Payment Date for the Loan, and upon the Maturity Date; provided in the event of any repayment or prepayment of the Loan (in whole or in part), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) All interest hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Interest shall accrue on the Loan for the day on which the Loan is made and shall not accrue on the Loan, or any portion thereof, for the day on which the Loan or such portion is paid.

SECTION 2.06. Taxes.

(a) Payments Free of Taxes. All payments by or on account of any obligation of any Loan Party hereunder shall be made free and clear of and without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Loan Party or other applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a Loan Party, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with the applicable law; provided that if a Loan Party shall be required to deduct or withhold any Indemnified Taxes from such payments, the sum payable by such Loan Party shall be increased as necessary so that after making such deduction or withholding (including deductions and withholdings applicable to additional sums payable under this Section 2.06(a)) the Lender receives an amount equal to the sum it would have received had no such deductions or withholding been made.

(b) Other Taxes. In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by Loan Parties. Each Loan Party shall indemnify the Lender within 10 days after written demand therefor, for the full amount of any Indemnified Taxes paid by the Lender, on or with respect to any payment by or any payment on account of any obligation of such Loan Party hereunder (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) and any reasonable out-of-pocket expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Loan Parties by the Lender shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by a Loan Party to a Governmental Authority in accordance with this Section, such Loan Party shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(e) Survival. Each party's obligations under this Section 2.06 shall survive the replacement of the Lender or any assignment of rights by, or the replacement of, the Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(f) Status of Lender. The Lender shall provide executed copies of IRS Form W-9 certifying that Lender is exempt from U.S. federal backup withholding tax.

(g) Treatment of Certain Refunds. If the Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.06 (including by the payment of additional amounts pursuant to this Section 2.06), it shall pay to the indemnifying Loan Party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.06 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such Loan Party, upon the request of Lender, shall repay to the Lender the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the Lender be required to pay any amount to a Loan Party pursuant to this paragraph (g) the payment of which would place the Lender in a less favorable net after-Tax position than the Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require the Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Loan Party or any other Person.

SECTION 2.07. Payments Generally; Allocation of Proceeds.

(a) Unless otherwise specified, the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees or reimbursements, or of amounts payable under Section 2.06, or otherwise) prior to 2:00 p.m. on the date when due, in immediately available funds in Cash in Dollars, without set-off (except as otherwise provided in Section 2.06) or counterclaim; provided that, if agreed by the Lender as part of a transaction that is not otherwise prohibited by this Agreement, the Borrower may make any payment required to be made in immediately available funds by it hereunder to the Lender in respect of the Lender's Loan in any other form of consideration as the Lender may agree to accept in its sole discretion. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender to the applicable account designated to the Borrower by the Lender, except that payments pursuant to Section 2.06 and 8.03 shall be made directly to the Persons entitled thereto. The Lender shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. Subject to the proviso set forth in the first sentence of this paragraph, all payments hereunder shall be made in Cash and in Dollars. Subject in all respects to the provisions of any Acceptable Intercreditor Agreement then in effect, all proceeds of Collateral received by the Lender after an Event of Default has occurred and is continuing or all or any portion of the Loan shall have been accelerated hereunder pursuant to Section 7.01, shall, upon election by the Lender, be applied, first, to the payment of all costs and expenses then due incurred by the Lender in connection with any collection, sale or realization on Collateral or otherwise in connection with this Agreement, any other Loan Document or any of the Obligations, including all court costs and the fees and expenses

of agents and legal counsel, the repayment of all advances made by the Lender hereunder or under any other Loan Document on behalf of any Loan Party and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document, second, to pay any fees, indemnities or expense reimbursements then due to the Lender (other than those covered in clause first above) from the Borrower constituting Obligations, third, in accordance with the amounts of the Obligations (other than contingent indemnification obligations for which no claim or demand has been made) owed to the Lender on the date of any such distribution, to the payment in full of the Obligations, and fourth, after payment in full of all Obligations (other than contingent indemnification obligations for which no claim or demand has been made), to, or at the direction of, the Borrower or as a court of competent jurisdiction may otherwise direct.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

On the Closing Date and on any other applicable date, each of Holdings, the Borrower and the other Loan Parties, on behalf of themselves and their respective Subsidiaries, represents and warrants to the Lender that (provided that, notwithstanding anything in this Agreement to the contrary, solely with respect to the making of the representations and warranties set forth in Sections 3.01(b) and (c), 3.03(c), 3.04, 3.05, 3.06, 3.07, 3.09, 3.10, 3.11, 3.13, 3.15 and 3.17 on the Closing Date, such representations and warranties shall be made solely by, and solely with respect to, Holdings and the Borrower (as applicable)):

SECTION 3.01. Organization; Powers. Each of the Loan Parties and each of their Subsidiaries (a) is (i) duly organized and validly existing and (ii) in good standing (to the extent such concept exists in the relevant jurisdiction) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and (c) is qualified to do business in, and is in good standing (to the extent such concept exists in the relevant jurisdiction) in, every jurisdiction where its ownership, lease or operation of properties or conduct of its business requires such qualification; except, in each case referred to in this Section 3.01 (other than clauses (a)(i) and (b) with respect to Holdings and the Borrower) where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.02. Authorization; Enforceability. The execution, delivery and performance of each of the Loan Documents are within each applicable Loan Party's corporate or other organizational powers and have been duly authorized by all necessary corporate or other organizational action of such Loan Party. Each Loan Document to which any Loan Party is a party has been duly executed and delivered by such Loan Party and is a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing.

SECTION 3.03. Governmental Approvals; No Conflicts. The execution and delivery of the Loan Documents by each Loan Party party thereto and the performance by such Loan Party thereof (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, (ii) for filings necessary to perfect Liens created pursuant to the Loan Documents and (iii) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which could not be reasonably expected to have a Material Adverse Effect, (b) will not violate (i) any of such Loan Party's Organizational Documents or (ii) any Requirements of Law applicable to such

Loan Party which, in the case of this clause (b)(ii), could reasonably be expected to have a Material Adverse Effect and (c) will not violate or result in a default under any material Contractual Obligation of any of the Loan Parties which violation or default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.04. No Material Adverse Effect. Since the Closing Date, there has been no event or condition that has resulted, or would reasonably be expected to result, in a Material Adverse Effect.

SECTION 3.05. Properties.

(a) Holdings and each of its Subsidiaries has good and valid fee simple title (or similar concept under any applicable jurisdiction) to or rights to purchase, or valid leasehold interests in, or other limited property interests in, all its Real Estate Assets (including any Mortgaged Properties) acquired after the Closing Date and has good title to its personal property and assets, in each case, except (i) for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes or (ii) where the failure to have such title or rights would not reasonably be expected to have a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Permitted Liens.

(b) Holdings and its Subsidiaries have valid title to or a valid license or right to use all patents, trademarks, service marks, trade names, copyrights, proprietary know how and data and other rights in works of authorship (including all copyrights embodied in software) and all other similar intellectual property rights (the foregoing, collectively, "**IP Rights**") acquired after the Closing Date necessary to conduct the businesses of Holdings and its Subsidiaries as presently conducted without, to the knowledge of Holdings, any infringement or misappropriation of the IP Rights of third parties, except where such failure to own or license or have rights to use would not, or where such infringement or misappropriation would not, have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings, threatened against or affecting the Loan Parties or any of their Subsidiaries which would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Except for any matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, (i) no Loan Party nor any of its Subsidiaries has received notice of any Environmental Claim or knows of any basis for any Environmental Liability and (ii) no Loan Party nor any of its Subsidiaries has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law.

(c) Neither Holdings nor any of its Subsidiaries has treated, stored, transported or disposed of Hazardous Materials at or from any currently or formerly operated real estate or facility relating to its business in a manner that would reasonably be expected to have a Material Adverse Effect.

Except with respect to Holdings and the Borrower, the representations made in this Section 3.06 shall only be applicable since the Closing Date.

SECTION 3.07. Compliance with Laws. Each of Holdings and its Subsidiaries is in compliance with all Requirements of Law applicable to it or its property, except, in each case, where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. Except with respect to Holdings and the Borrower, the representations made in this Section 3.07 shall only be applicable since the Closing Date.

SECTION 3.08. Investment Company Status. No Loan Party is required to register as an "investment company" under the Investment Company Act of 1940, as amended. The execution and delivery of the Loan Documents by the Loan Parties and the consummation by the Loan Parties of the transactions contemplated by this Agreement do not violate, and are not subject to voidance under, the Investment Company Act of 1940, as amended.

SECTION 3.09. Taxes. Each of Holdings and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed by it and has paid or caused to be paid all Taxes required to have been paid by it that are due and payable, except (a) Taxes (or any requirement to file Tax returns with respect thereto) that are being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with GAAP, or (b) in each case, to the extent that the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. Except with respect to Holdings and the Borrower the representations made in this Section 3.09 shall only be applicable since the Closing Date.

SECTION 3.10. ERISA; Plan Assets. No ERISA Event has occurred in the five-year period prior to the date on which this representation is made or deemed made and is continuing that, when taken together with all other such ERISA Events, would reasonably be expected to result in a Material Adverse Effect. Except with respect to Holdings and the Borrower, the representations made in this Section 3.10 shall only be applicable since the Closing Date.

SECTION 3.11. Disclosure. As of the Closing Date, all information (other than (i) forecasts, financial estimates, other forward-looking information and/or (ii) projected information and information of a general economic or industry-specific nature) concerning Holdings and the Borrower that was prepared by or on behalf of Holdings or the Borrower or their respective representatives and made available to the Lender in connection with the Transactions on or before the Closing Date, when taken as a whole, did not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto from time to time prior to the Closing Date).

SECTION 3.12. Solvency. As of the Closing Date, immediately after the incurrence of Indebtedness being incurred under this Agreement on the Closing Date and the consummation of the other Transactions, (i) the sum of the debt (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, does not exceed the fair value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, (ii) the present fair saleable value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not less than the amount that will be required to pay the probable liabilities (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, on their debts as they become absolute and matured, (iii) the capital of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not unreasonably small in relation to the business of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, contemplated as of the Closing Date, and (iv) Holdings and its Subsidiaries, on a consolidated basis taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debts as they mature in the ordinary course of business. For purposes of the foregoing determination, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

SECTION 3.13. Capitalization and Subsidiaries. Schedule 3.13 sets forth, in each case, as of the Closing Date (or, to the extent applicable, as of the date of the most recent Compliance Certificate provided pursuant to Section 5.01(c)), (a) a correct and complete list of the name of each Subsidiary of Holdings and the ownership interest therein held by Holdings or its applicable Subsidiary, and (b) the type of entity of each of Holdings' Subsidiaries.

SECTION 3.14. Security Interest in Collateral. The provisions of this Agreement and the other Loan Documents create legal, valid and enforceable Liens on the Collateral in favor of the Lender, subject, as to enforceability, to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing, and upon the making of such filings and taking of such other actions required to be taken hereby or by the applicable Loan Documents (including the filing of appropriate financing statements with the office of the Secretary of State of the state of organization of each Loan Party that is a Domestic Subsidiary, as the case may be, the filing of appropriate notices with the U.S. Patent and Trademark Office and the U.S. Copyright Office, and the proper recordation of

Mortgages and fixture filings with respect to any Material Real Estate Assets, in each case in favor of the Lender, and the delivery to the Lender of any stock certificates or promissory notes required to be delivered pursuant to the applicable Loan Documents), such Liens will constitute perfected Liens (with the priority such Liens are expressed to have within the relevant Collateral Document) on the Collateral (to the extent such Liens are required to be perfected under the terms of the Loan Documents and to the extent such Liens may be perfected by such filings), securing the Obligations, in each case as and to the extent set forth therein.

SECTION 3.15. Senior Indebtedness. The Obligations constitute "Senior Indebtedness" (or any comparable term) and "Designated Senior Debt" (or any comparable term) (if applicable) under and as defined in the documentation governing any Junior Debt.

SECTION 3.16. Federal Reserve Regulations.

(a) On the Closing Date, not more than 25% of the value of the assets of Holdings, and its Subsidiaries, taken as a whole, is represented by Margin Stock.

(b) None of Holdings or any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(c) No part of the proceeds of the Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of the provisions of Regulation U or X.

SECTION 3.17. Sanctions; Anti-Terrorism Laws; Anti-Corruption Laws.

(a) None of Holdings or any of its Subsidiaries, nor, to the knowledge of Holdings, any Affiliate, director, officer agent or employee of any of the foregoing, is (i) the target of any Sanctions or (ii) organized in, resident in, or doing business within a Sanctioned Country; and the Borrower will not directly or, to the knowledge of the Borrower, indirectly use the proceeds of the Loan or otherwise directly or, knowingly, indirectly make available such proceeds to any Person for the purpose of financing the activities or business of any Person, or in any Sanctioned Country, except to the extent permissible for a Person required to comply with Sanctions.

(b) To the extent applicable, each Loan Party is in compliance, in all material respects, with (i) applicable Sanctions and (ii) Anti-Terrorism Laws.

(c) No part of the proceeds of the Loan will be used, directly or, to the knowledge of the Borrower, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of Anti-Corruption Laws.

Except with respect to Holdings and the Borrower, the representations made in this Section 3.17 shall only be applicable since the Closing Date.

SECTION 3.18. Use of Proceeds. The Borrower has used the proceeds of the Loan only in compliance with (and not in contravention of) Section 5.09.

ARTICLE 4 RESERVED

ARTICLE 5 AFFIRMATIVE COVENANTS

Until the date that all the principal of and interest on the Loan and all fees, expenses, other amounts and Obligations payable under any Loan Document (other than contingent indemnification obligations for which no claim or demand has been made) have been paid in full in Cash (such date, the "**Termination Date**"), each of Holdings, the Borrower and its Subsidiaries covenant and agree with the Lender that:

SECTION 5.01. Financial Statements and Other Reports. Holdings will deliver to the Lender:

(a) Unaudited Financial Statements. Commencing with the financial statements for the Fiscal Quarter ending March 31, 2022, within 60 days (or with respect to the first three Fiscal Quarters ending after the Closing Date, 75 days) following the end of each Fiscal Quarter of each Fiscal Year (or, if applicable, any later date by which Holdings is required to file its quarterly report on Form 10-Q under applicable SEC rules), the consolidated statement of financial position of Holdings as at the end of such Fiscal Quarter and the related consolidated statements of comprehensive income (loss) and cash flows of Holdings for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form (other than for the first four quarters following the Closing Date) the corresponding figures for the corresponding periods of the previous Fiscal Year, all in reasonable detail, together with a Financial Officer Certification with respect thereto, subject to changes resulting from audit and normal year-end audit adjustments and to the absence of footnotes; provided, however, that such financial statements shall not be required to reflect any purchase accounting adjustments relating to the Purchase or any other acquisition consummated after the Closing Date until after the delivery of financial statements pursuant to Section 5.01(b) which include such adjustments;

(b) Annual Financial Statements. Beginning with the Fiscal Year ending December 31, 2021, as soon as available and in any event within 120 days (or with respect to the Fiscal Year ending December 31, 2021, 150 days) after the end of each Fiscal Year (or, if applicable, any later date by which Holdings is required to file its annual report on Form 10-K under applicable SEC rules), (i) the consolidated statement of financial position of Holdings as at the end of such Fiscal Year and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows of Holdings for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, in reasonable detail; and (ii) with respect to such consolidated financial statements, a report thereon of independent registered public accountants of recognized national standing (which report shall be unqualified as to "going concern" and scope of audit (other than solely with respect to, or resulting solely from, (i) an upcoming maturity date under any documentation governing any Indebtedness within one year or (ii) any prospective or potential inability to satisfy a financial maintenance covenant on a future date or in a future period (or, other than in the case of any revolving facility, any actual inability to satisfy or breach of a financial maintenance covenant)), and shall state that such consolidated financial statements fairly present, in all material respects, the consolidated financial position of

Holdings as at the dates indicated and the results of its consolidated operations and cash flows for the periods indicated in conformity with GAAP;

(c) Compliance Certificate. Not later than five Business Days after each delivery of consolidated financial statements of Holdings pursuant to Sections 5.01(a) and 5.01(b), a duly executed and completed Compliance Certificate (A) certifying that no Default or Event of Default has occurred and is continuing (or if a Default or Event of Default has occurred and is continuing, describing in reasonable detail such Default or Event of Default and the steps being taken to cure, remedy or waive the same) ~~and~~, (B) to the extent necessary to maintain its accuracy, providing an updated Schedule 3.13~~;~~, (C) setting forth the Consolidated Total Leverage Ratio (together with supporting calculations) as of the last day of the most recently ended Test Period and (D) to the extent Indebtedness incurred under any basket in Section 6.01 exceeds $2,500,000 as of the last day of the most recently ended Fiscal Quarter, identifying the section reference of such basket and the amount of Indebtedness incurred thereunder as of such date;

(d) Notice of Default. Promptly upon the occurrence of any Default or Event of Default, written notice thereof;

(e) Notice of Litigation. Promptly upon the occurrence of (i) the institution of, or threat of, any Adverse Proceeding not previously disclosed in writing by the Loan Parties to the Lender or (ii) any material development in any Adverse Proceeding that, in the case of either clauses (i) or (ii), could reasonably be expected to have a Material Adverse Effect, written notice specifying the nature thereof;

(f) ERISA. Promptly upon the occurrence of any ERISA Event that could reasonably be expected to have a Material Adverse Effect, a written notice specifying the nature thereof;

(g) Budget. As soon as available and in any event no later than 120 days (or with respect to the Fiscal Year beginning January 1, 2022, 150 days) after the beginning of each Fiscal Year commencing after the Closing Date, a consolidated budget of Holdings and its Subsidiaries for such Fiscal Year (in the form customarily prepared by Holdings);

(h) Information Regarding Collateral. Holdings will furnish to the Lender prompt (and in any event within thirty (30) days (or such later date as the Lender may reasonable agree)) written notice with respect to the Borrower, Holdings or any other Loan Party that is organized in the United States, of any change (A) in any such Person's legal name, (B) in any such Person's type of organization, (C) in any such Person's jurisdiction of organization, incorporation or amalgamation, chief executive office or domicile or (D) in any such Person's organizational identification number (to the extent necessary to perfect or maintain the perfection and priority of the Lender's security interest in the applicable Collateral);

(i) Certain Reports. Promptly upon their becoming available and without duplication of any obligations with respect to any such information that is otherwise required to be delivered under the provisions of any Loan Document, copies of (i) following a Qualifying IPO, all financial statements, reports, notices and proxy statements sent or made available generally by any Parent Company to its public security holders acting in such capacity or by any Subsidiary of Holdings to its public security holders other than Holdings or another Subsidiary of Holdings and (ii) all regular and periodic reports and all registration statements (other than amendments to any registration statement (to the extent such registration statement, in the form it became effective, is delivered to the Lender), exhibits to any registration statement and, if applicable, any registration

statement on Form S-8 or similar form) and prospectuses, if any, furnished or filed by any Parent Company (other than a Parent Company under clause (c) of the definition thereof), Holdings or any of its Subsidiaries with any securities exchange or with the SEC or any governmental or private regulatory authority with jurisdiction over matters relating to securities;

(a) Other Information. Subject to the limitations set forth in Section 5.06 and the confidentiality provisions of Section 8.13, such additional information (financial or otherwise) as the Lender may reasonably request from time to time in connection with the financial condition or business of Holdings and its Subsidiaries; and

(b) Quarterly Conference Calls. After delivery of consolidated financial statements of Holdings pursuant to Sections 5.01(a) and 5.01(b), if reasonably requested by the Lender in its sole discretion, the Borrower shall conduct a quarterly conference call with the Lender to discuss the financial condition and results of operations of the Borrower for the most recently ended Fiscal Quarter or Fiscal Year, as applicable, for which financial statements have been delivered pursuant to Sections 5.01(a) and (b), at a date and time to be determined by the Borrower with reasonable advance notice to the Lender.

Documents required to be delivered pursuant to this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which executed certificates or other documents are faxed to the Lender (or electronically mailed to an address provided by the Lender); or (ii) in respect of the items required to be delivered pursuant to Section 5.01(i) above in respect of information furnished or filed by any Parent Company, Holdings or any of its subsidiaries with any securities exchange or with the SEC or any governmental or private regulatory authority, such items have been made available on the SEC website or the website of the relevant analogous governmental or private regulatory authority or securities exchange. Notwithstanding the foregoing, the obligations in paragraphs (a) and (b) of this Section 5.01 may be satisfied with respect to financial information of Holdings and its consolidated Subsidiaries by furnishing Holdings's Form 10-K, 10-Q, Annual Information Form and quarterly financial statements, as applicable, filed with the SEC.

SECTION 5.02. Existence. Except as otherwise permitted under Section 6.06, Holdings will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits necessary in the normal conduct of its business except to the extent (other than with respect to the preservation of existence of Holdings or the Borrower) failure to do so could not reasonably be expected to result in a Material Adverse Effect; provided that neither Holdings nor any of its Subsidiaries shall be required to preserve any such existence (other than the preservation of existence of Holdings and the Borrower), right or franchise, licenses or permits if such Person or such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to the Lender.

SECTION 5.03. Payment of Taxes. Holdings will, and will cause each of its Subsidiaries to, pay all Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty or fine accrues thereon; provided that no such Tax need be paid if (a) it is being contested in good faith by appropriate proceedings and adequate reserves or other appropriate provisions, as shall be required in conformity with GAAP, shall have been made therefor and, in the case of a Tax which has or may become a Lien against any of the Collateral, such contest proceedings operate to stay the sale of any portion of the Collateral to satisfy such Tax or (b)

failure to pay or discharge the same could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.04. Maintenance of Properties. Holdings will, and will cause each of its Subsidiaries to, maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear and casualty and condemnation excepted, all property and maintain and renew all intellectual property, in each case, reasonably necessary to the normal conduct of business of Holdings and its Subsidiaries and from time to time will make or cause to be made all needed and appropriate repairs, renewals and replacements thereof except as expressly permitted by this Agreement or where the failure to maintain or renew such properties or make such repairs, renewals or replacements could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.05. Insurance. Holdings will maintain or cause to be maintained, with financially sound and reputable insurers, such insurance coverage with respect to liabilities, losses or damage in respect of the assets, properties and businesses of Holdings and its Subsidiaries as may customarily be carried or maintained under similar circumstances by Persons of established reputations engaged in similar businesses (as determined in good faith by Holdings), in each case in such amounts, with such deductibles, covering such risks and otherwise on such terms and conditions as Holdings believes in good faith is reasonable and prudent in light of the size or nature of its business. Without limiting the generality of the foregoing, Holdings and its Subsidiaries will maintain flood insurance with respect to each Flood Hazard Property, in each case in compliance with the Flood Insurance Laws. Not later than 30 days after the Closing Date (or such later date as the Lender may reasonably agree), each such policy of insurance shall (a) name the Lender, as an additional insured thereunder as its interests may appear and (b) in the case of each casualty insurance policy with respect to the Collateral, contain a lender's loss payable and mortgagee, as applicable, clause or endorsement from such insurance carrier that names the Lender, as lender's loss payee and mortgagee, as applicable, thereunder and, to the extent available, provides for at least 30 days' prior written notice to the Lender of any modification or cancellation of such policy (or 10 days' prior written notice for any cancellation due to non-payment of premiums).

SECTION 5.06. Inspections. Holdings will, and will cause each of its Subsidiaries to, permit any authorized representatives designated by the Lender to visit and inspect any of the properties of Holdings and any of its Subsidiaries at which the principal financial records and executive officers of the applicable Person are located, to inspect, copy and take extracts from its financial and accounting records, and to discuss its affairs, finances and accounts with its Responsible Officers and independent public accountants (provided that Holdings may, if it so chooses, be present at or participate in any such discussion), all upon reasonable notice, reasonable coordination in and at such reasonable times during normal business hours; provided that, except as provided in the proviso below in connection with the occurrence and continuance of an Event of Default, (i) the Lender shall not exercise such rights more often than twice during any calendar year and (ii) only twice per calendar year shall be at the expense of Holdings; provided, further, that when an Event of Default has occurred and is continuing, the Lender (or any of its representatives or independent contractors) may do any of the foregoing at the expense of Holdings in accordance with Section 8.03(a) at any time during normal business hours and upon reasonable advance notice. Notwithstanding anything to the contrary in Section 5.06, none of Holdings or any Subsidiary will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Lender (or its respective representatives or

contractors) is prohibited by applicable law or any binding agreement or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product.

SECTION 5.07. Maintenance of Book and Records. Holdings will, and will cause its Subsidiaries to, maintain proper books of record and account, in which entries that are full, true and correct in all material respects shall be made of all material financial transactions and matters involving the assets and business of Holdings and its Subsidiaries, as the case may be, and permit the preparation of consolidated financial statements in accordance with GAAP.

SECTION 5.08. Compliance with Laws. Holdings will comply, and shall cause each of its Subsidiaries to comply, with Requirements of Law (including all Environmental Laws, ERISA, Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions), except to the extent the failure of Holdings or such Subsidiary to comply could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09. Use of Proceeds.

(a) The Borrower shall use proceeds of the Loan solely to finance a portion of the Transactions.

(b) No part of the proceeds of the Loan will be used, whether directly or indirectly, for any purpose that would entail a violation of Regulations U or X.

SECTION 5.10. Additional Collateral; Further Assurances.

(a) Subject to applicable law and the limitations expressly set forth in this Agreement and the Collateral Documents, the Borrower and each other Loan Party shall cause each Subsidiary (other than any Excluded Subsidiary) formed or acquired after the Closing Date (including, without limitation, upon the formation of any Subsidiary resulting from a division of a limited liability company) to become a Loan Party on or prior to the earlier to occur of (i) the date that is 30 days following the date of such formation or acquisition and (ii) the next date a Compliance Certificate is required to be delivered following the date of such formation or acquisition (including, without limitation, upon the formation of any Subsidiary resulting from a division of a limited liability company) (or, in either case, such later date as may be acceptable to the Lender in its sole discretion), by executing (i) a Joinder Agreement in substantially the form attached as Exhibit B hereto (the "Joinder Agreement"), (ii) a Security Agreement Joinder Agreement or such other customary supplements or joinders to the other applicable Collateral Documents or new security or collateral documents in the United States, in each case to create Liens over its assets of scope substantially similar to the Liens granted pursuant to the Collateral Documents executed on the Closing Date or pursuant to Section 5.13, (iii) the Global Intercompany Note and (iv) such other documentation as the Lender may reasonably request and that is contemplated by the terms hereof (including, for the avoidance of doubt, documents contemplated by clause (c) of this Section 5.10) or of the applicable Collateral Documents, together with such customary closing certificates, evidences of authority and good standing and legal opinions as the Lender may reasonably request. Upon execution and delivery thereof, each such Person (x) shall automatically become a Subsidiary Guarantor hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (y) will take such actions as may be required by the terms hereof or of the applicable Collateral Documents to grant and perfect Liens to the Lender in any property (subject to the limitations set forth herein and in the other Loan Documents) of such Loan Party which constitutes Collateral, on such terms as are

required pursuant to the terms of the Collateral Documents and in such priority as may be required pursuant to the terms of any Acceptable Intercreditor Agreement.

(b) the Borrower and each other Loan Party will cause all Capital Stock (other than any Capital Stock constituting an Excluded Asset) directly owned by them to be subject at all times to a First Priority perfected Lien in favor of the Lender pursuant to the terms and conditions of, and to the extent required by, the Collateral Documents.

(c) Without limiting the foregoing, subject to any Acceptable Intercreditor Agreement and the limitations expressly set forth in this Agreement and the Collateral Documents, each Loan Party will promptly execute and deliver, or cause to be promptly executed and delivered, to the Lender such documents, agreements (including, for the avoidance of doubt, deposit account and securities account control agreements to the extent required by the Collateral Documents) and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by Section 5.14), which the Lender may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents (to the extent required herein or therein), all at the expense of the Borrower in accordance with Section 8.03(a).

(d) Subject to the limitations set forth or referred to in this Section 5.10, if any Material Real Estate Asset is acquired by any Loan Party after the Closing Date or any Real Estate Asset which becomes a Material Real Estate Asset after the Closing Date, the Borrower will promptly notify the Lender, and, if requested by the Lender in its sole discretion, within 75 days of such request (or such longer period as may be acceptable to the Lender) the Borrower will cause such assets to be subjected to a Lien securing the Obligations and will take, and cause each Subsidiary that is a Loan Party to take, such actions as shall be reasonably requested by the Lender to grant and perfect such Liens, including actions described in clause (c) of this Section 5.10, all at the expense of the Borrower in accordance with Section 8.03(a). The Loan Parties shall within 75 days following a request by the Lender (or such longer period as the Lender may agree) cause the Mortgages on each such Material Real Estate Asset acquired by any Loan Party, or which becomes a Material Real Estate Asset, after the Closing Date to be executed, delivered and recorded and in connection therewith deliver corresponding UCC fixture filings, financing statements and filings in applicable land registry offices (to the extent required), flood hazard determinations and if required, evidence of flood insurance, title insurance policies (including any customary endorsements thereto), surveys, local counsel opinions and other documentation, in each case, that the Lender shall reasonably require.

(e) After any Subsidiary ceases to constitute an Excluded Subsidiary in accordance with the definition thereof, Holdings shall cause such Subsidiary to take all actions required by this Section 5.10 (within the time periods specified herein) as if such Subsidiary were then formed or acquired.

SECTION 5.11. Conduct of Business. From and after the Closing Date, Holdings and the Subsidiaries, taken as a whole, shall not fundamentally and substantively alter the character of their business, taken as a whole, from the business conducted by them on the Closing Date and other business activities which are reasonable extensions thereof or incidental, related or ancillary thereto.

SECTION 5.12. Fiscal Year. Holdings shall not change its Fiscal Year-end to a date other than as described in the definition of Fiscal Year; provided that Holdings may, upon written notice to

the Lender, change its Fiscal Year-end to another date, in which case Holdings and the Lender will make any adjustments to this Agreement that are necessary and appropriate to reflect such change in Fiscal Year (which adjustments may include, among other things, adjustments to financial reporting requirements to account for such changes, including without limitation, the impact on year over year comparison reporting and stub period reporting obligations, in each case subject to the approval and agreement of the Lender in its reasonable discretion.

SECTION 5.13. Post-Closing Matters.

(a) The Loan Parties shall satisfy each of the requirements set forth in Schedule 5.13 on or before the date specified in Schedule 5.13 for each such requirement, or such later date as may be permitted by the Lender with respect thereto.

(b) On or before the date that is sixty (60) days after the Amendment No. 1 Effective Date (or such later time as the Lender may agree in writing in its sole discretion), the Lender shall have received an account control agreement that is duly executed and delivered by the Lender, the Borrower and the applicable depository institution, in form and substance satisfactory to the Lender, with respect to the ECF Control Account.

SECTION 5.14. Closing Date Covenants. The Loan Parties shall satisfy each of the following requirements on the Closing Date (except to the extent waived by the Lender in accordance with the terms of this Agreement):

(a) Loan Documents. The Lender (or its counsel) shall have received from each of the Loan Parties party thereto either (i) a counterpart of this Agreement, each Collateral Document described on Schedule 5.14, the Global Intercompany Note, the Promissory Note and each other Loan Document to be executed on the Closing Date, in each case signed on behalf of such party or (ii) evidence reasonably satisfactory to the Lender (which may include facsimile or e-mail transmission) that such party has signed a counterpart of the applicable agreements referred to in clause (i) above.

(b) Legal Opinions. On the Closing Date, the Borrower shall deliver to the Lender a customary written opinion of Simpson Thacher & Bartlett LLP, New York counsel for Holdings, the Borrower and each other Loan Party in the form of Exhibit D-1, and McGuireWoods LLP, Virginia counsel for Holdings, the Borrower and each other Loan Party in the form of Exhibit D-2, in each case (A) dated the Closing Date and (B) addressed to the Lender.

(c) Closing Certificates; Certified Charters; Good Standing Certificates. On the Closing Date, the Lender shall have received (i) a certificate of each Loan Party, dated the Closing Date and executed by a Responsible Officer of such Loan Party in the form of Exhibit E, and (ii) a certificate of good standing (or equivalent) from the relevant office of each Loan Party's jurisdiction of organization (to the extent relevant, customary and available in the jurisdiction of incorporation, formation or organization of each Loan Party) dated on or about the Closing Date.

(d) Solvency. On the Closing Date, the Lender shall have received a certificate dated as of the Closing Date in substantially the form of Exhibit F from a Financial Officer of the Borrower certifying as to the matters set forth therein.

(e) Representations. The representations and warranties in this Agreement (for the avoidance of doubt, as qualified and limited by the first sentence of Article 3) and the other Loan

Documents shall be accurate in all material respects on and as of the Closing Date; provided that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct in all respects, as the case may be.

(f) Filings, Registrations and Recordings. Subject to the terms of each applicable Collateral Document, each document (including any UCC financing statement) required by the Collateral Documents to be filed, registered, recorded or delivered in order to create in favor of the Lender, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Permitted Liens), shall be in proper form for filing, registration or recordation.

(g) Pledged Stock, Stock Powers, Pledged Notes and Endorsements. The Lender shall have received (i) the certificates, if any, representing the Capital Stock constituting Collateral required to be delivered pursuant to the Collateral Documents, together with undated stock powers for each such certificate duly executed in blank by an authorized officer of each pledgor thereof, or other instruments of transfer contemplated by the Collateral Documents, have been delivered to the Borrower by the Lender and (ii) the Global Intercompany Note and each other promissory note and other instrument, if any, representing any other Collateral under the Collateral Documents required to be delivered to the Lender pursuant to the terms of the Collateral Documents, duly endorsed in blank by an authorized officer of each pledgor thereof.

(h) USA PATRIOT Act. No later than three Business Days in advance of the Closing Date, the Lender shall have received a duly executed IRS Form W-9 (or other applicable tax form) and all documentation and other information reasonably requested by them with respect to Holdings or the Borrower in writing at least 10 Business Days in advance of the Closing Date, which documentation or other information is required by United States regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act.

SECTION 5.15. Senior Indebtedness. The Obligations shall at all times constitute "Senior Indebtedness" (or any comparable term) and "Designated Senior Debt" (or any comparable term) (if applicable) under and as defined in the documentation governing any Junior Debt.

SECTION 5.16. Specified 2024 Acquisition Total Contribution.

(a) Solely to the extent the Specified 2024 Acquisition Closing Date has not occurred on or prior to the Specified 2024 Acquisition Outside Date, Holdings or the Borrower shall have received, directly or indirectly, the Specified 2024 Acquisition Required Contribution on the Specified 2024 Acquisition Outside Date.

(b) On the Specified 2024 Acquisition Closing Date (if any), Holdings or the Borrower shall have received, directly or indirectly, the Specified 2024 Acquisition Total Contribution.

Notwithstanding anything in this Article 5 to the contrary, Holdings, the Borrower and its Subsidiaries shall not be deemed to have breached or be in violation of any of the provisions of Sections 5.02, 5.03, 5.04, 5.05, 5.06, 5.07 or 5.08 of this Article 5 solely to the extent such breach or violation directly resulted from or is directly related to events solely applicable to the Loan Parties and their Subsidiaries (other than Holdings and the Borrower) or actions solely taken by the Loan Parties and their Subsidiaries (other than Holdings and the Borrower), in each case that occurred prior to the consummation of the Purchase.

ARTICLE 6 NEGATIVE COVENANTS

Until the Termination Date has occurred, each of Holdings and the other Loan Parties covenant and agree with the Lender that:

SECTION 6.01. Indebtedness. Holdings shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or otherwise become or remain liable with respect to any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness of Holdings owed to any Subsidiary, the Borrower owed to Holdings or any Subsidiary and of any Subsidiary owed to Holdings, the Borrower or any other Subsidiary; provided, that in the case of any Indebtedness of a Subsidiary that is not a Loan Party owing to a Loan Party, such Indebtedness (other than any such Indebtedness in connection with intercompany loans made solely for the purpose to fund cash reserves to the extent required to be maintained by Subsidiaries that are Regulated Entities for the purpose of meeting required reserve requirements pursuant to applicable laws or regulations) shall at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of proceeds thereof, not exceed the greater of (i) $15,000,000 and (ii) 15% of Consolidated Adjusted EBITDA for the most recently ended Test Period; provided, that, all such Indebtedness of any Loan Party owing to any Subsidiary that is not a Loan Party must be expressly subordinated to the Obligations of such Loan Party pursuant to the terms set forth in the Global Intercompany Note (or such other terms as are acceptable to the Lender);

(c) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations (including contingent earn-out obligations) incurred in connection with the Transactions, any Disposition permitted hereunder, any acquisitions permitted hereunder, other purchases of assets or Capital Stock or other Investments permitted hereunder, and Indebtedness arising from guaranties, letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments securing the performance of Holdings or any such Subsidiary pursuant to such agreements;

(d) Indebtedness (i) as a result of or which may be deemed to exist pursuant to any performance and completion guaranties or customs, stay, performance, bid, surety, statutory, appeal, performance and return of money bonds, tenders, statutory obligations, leases, governmental contracts, trade contracts or other similar obligations (including relating to any litigation being contested in good faith) incurred in the ordinary course of business or (ii) in respect of any letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments to support any of the foregoing items;

(e) Indebtedness in respect of commercial credit cards, stored value cards, employee credit cards, purchasing cards and treasury management services and other netting services, overdraft protections, check drawing services, automated clearing-house arrangements, employee credit card programs, automated payment services (including depository, overdraft, controlled disbursement, return items and interstate depository network services) and, cash pooling, and, in each case, including similar arrangements and otherwise in connection with cash management, including cash management arrangements among Holdings, and its Subsidiaries, and deposit

accounts and incentive, supplier finance or similar programs in the ordinary course of business and to the extent such Indebtedness remains outstanding for no longer than 30 days;

(f) (i) Indebtedness in respect of Guarantees of the obligations of suppliers, customers and licensees in the ordinary course of business and (ii) Indebtedness in respect of any letter of credit, bankers' acceptance, bank guaranties or similar instrument supporting trade payables, warehouse receipts or similar facilities entered into in the ordinary course of business;

(g) Indebtedness existing, or pursuant to commitments existing, on the Closing Date and described on Schedule 6.01(g) and any Permitted Refinancing Indebtedness thereof;

(h) so long as no Specified Event of Default shall have occurred and be continuing at the time of the incurrence thereof, Indebtedness of Subsidiaries that are not Loan Parties; provided that, at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of proceeds thereof, (i) the aggregate principal amount of Indebtedness that is outstanding in reliance on this clause (h) and clause (t) below shall not exceed the greater of (~~i~~A) $15,000,000 and (~~ii~~B) 15% of Consolidated Adjusted EBITDA for the most recently ended Test Period~~;~~ and (ii) the Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis and after giving effect to any Subject Transaction to be consummated in connection therewith) is (A) in connection with any such Indebtedness incurred on or prior to December 31, 2024, less than or equal to 6.50:1.00, (B) in connection with any such Indebtedness incurred after December 31, 2024 and on or prior to December 31, 2025, less than or equal to 5.50:1.00 and (C) in connection with any such Indebtedness incurred after December 31, 2025, less than or equal to 4.75:1.00;

(i) Indebtedness consisting of obligations owing under any dealer, customer or supplier incentive, supply, license or similar agreements entered into in the ordinary course of business;

(j) Indebtedness (including with respect to Financing Lease Obligations and purchase money Indebtedness) financing the acquisition, lease, construction, repair, replacement, improvement or installation of assets or capital expenditures and any Permitted Refinancing Indebtedness incurred to refinance such Indebtedness; provided that (i) such Indebtedness is incurred prior to or within 270 days of the applicable acquisition or lease or completion of the applicable construction, repair, replacement, improvement or installation or (ii) such Indebtedness refinances debt previously incurred under Section 6.01(j)(i) and any Permitted Refinancing Indebtedness incurred to refinance such Indebtedness; provided, further, that, at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of the proceeds thereof, the aggregate principal amount of Indebtedness that is outstanding in reliance on this clause (j) shall not exceed, except as contemplated by the definition of "Permitted Refinancing Indebtedness," the greater of (x) $15,000,000 and (y) 15% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time; provided, further, that at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of the proceeds thereof, the aggregate principal amount of Indebtedness of non-Loan Parties that is outstanding in reliance on this clause (j) shall not exceed the greater of (x) $5,000,000 and (y) 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time;

(k) Indebtedness of a Person that becomes a Subsidiary or Indebtedness assumed in connection with a Permitted Acquisition or any other Investment permitted hereunder after the Closing Date; provided that after giving pro forma effect ~~(but without giving pro forma effect to any substantially simultaneous incurrence pursuant to clause (A) of Section 6.01(s)) to any~~to any such Permitted Acquisition, the incurrence of any Indebtedness and the use of the proceeds thereof, (i) the Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis~~) is~~ and after giving

effect to any Subject Transaction to be consummated in connection therewith) is (A) in connection with any such Indebtedness incurred on or prior to December 31, 2024, less than or equal to ~~7.00~~6.50:1.00, (B) in connection with any such Indebtedness incurred after December 31, 2024 and on or prior to December 31, 2025, less than or equal to 5.50:1.00 and (C) in connection with any such Indebtedness incurred after December 31, 2025, less than or equal to 4.75:1.00, (ii) such Indebtedness was not created in contemplation of such Permitted Acquisition and (iii) such Indebtedness is only the obligation of the Person and/or Person's Subsidiaries that are acquired or that acquired the relevant assets and such Indebtedness; provided, further, that at the time of any such assumption of Indebtedness and after giving pro forma effect thereto, the aggregate principal amount of Indebtedness of non-Loan Parties that is outstanding in reliance on this clause (k) shall not exceed the greater of (x) $~~50,000,000~~25,000,000 and (y) ~~50~~25% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time;

(l) Indebtedness in an aggregate principal amount or face amount at any time outstanding not to exceed $10,000,000 in respect of letters of credit, bank guaranties, surety bonds, performance bonds and similar instruments issued for general corporate purposes and denominated in currencies other than Dollars;

(m) Indebtedness of Holdings or any Subsidiary under any Derivative Transaction not entered into for speculative purposes and otherwise in the ordinary course of business;

(n) additional Indebtedness provided that (i) no Event of Default shall have occurred and be continuing at the time of the incurrence thereof and (ii) at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of the proceeds thereof, the aggregate principal amount of Indebtedness that is outstanding in reliance on this clause (n) shall not exceed the greater of (A) $~~15,000,000~~7,500,000 and (B) ~~15~~7.5% of Consolidated Adjusted EBITDA for the most recently ended Test Period; provided, further, that at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of the proceeds thereof, the aggregate principal amount of Indebtedness of non-Loan Parties that is outstanding in reliance on this clause (n) shall not exceed the greater of (x) $5,000,000 and (y) 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time;

(o) Indebtedness incurred in connection with Sale and Lease-Back Transactions permitted pursuant to Section 6.07; provided that, at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of the proceeds thereof, (i) the aggregate principal amount of Indebtedness that is outstanding in reliance on this clause (o) shall not exceed the greater of (A) $10,000,000 and (B) 10% of Consolidated Adjusted EBITDA for the most recently ended Test Period~~;~~ and (ii) the Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis and after giving effect to any Subject Transaction to be consummated in connection therewith) is (A) in connection with any such Indebtedness incurred on or prior to December 31, 2024, less than or equal to 6.50:1.00, (B) in connection with any such Indebtedness incurred after December 31, 2024 and on or prior to December 31, 2025, less than or equal to 5.50:1.00 and (C) in connection with any such Indebtedness incurred after December 31, 2025, less than or equal to 4.75:1.00; provided, further, that at the time of any such incurrence of Indebtedness and after giving pro forma effect thereto and the use of the proceeds thereof, the aggregate principal amount of Indebtedness of non-Loan Parties that is outstanding in reliance on this clause (o) shall not exceed the greater of (x) $3,500,000 and (y) 3.5% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time;

(p) Indebtedness (including obligations in respect of letters of credit, bank guarantees, bankers' acceptances, surety bonds, performance bonds or similar instruments with respect to such Indebtedness) incurred in respect of workers compensation claims, unemployment, property, casualty or liability insurance (including premiums related thereto) or self-insurance, other reimbursement-type obligations regarding workers compensation claims, other types of social security, pension obligations, vacation pay, or health, disability or other employee benefits, in each case entered into in the ordinary course of business;

(q) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(r) Revolving Facility Indebtedness (including any guarantees in respect thereof and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the undrawn face amount thereof)) in an aggregate principal amount at any time outstanding not to exceed $75,000,000;

(s) so long as no Specified Event of Default shall have occurred and be continuing at the time of the incurrence thereof, (i) Permitted Additional Debt; provided that, ~~in the case of this clause (s), at the time of incurrence thereof and~~ after giving pro forma effect ~~thereto~~to the incurrence of such Indebtedness and the use of the proceeds thereof~~,~~ (and assuming that all commitments thereunder were fully drawn), the ~~aggregate principal amount of all such Indebtedness incurred under this clause (s) shall not exceed, as of the date of incurrence of such Indebtedness or commitments, the sum of (A) the greater of (x) $96,000,000 and (y) 100% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time less the aggregate amount of Indebtedness incurred in reliance on this clause (A) prior to the applicable date of incurrence plus (B) an aggregate amount of Indebtedness, such that, after giving effect to such incurrence~~Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis ~~(~~and after giving effect to any Subject Transaction to be consummated in connection therewith ~~but without giving pro forma effect to any substantially simultaneous incurrence pursuant to clause (A) above)) Holdings would be in compliance with a Consolidated Total Leverage Ratio of no greater than 7.00:1.00 and~~) is (A) in connection with any such Indebtedness incurred on or prior to December 31, 2024, less than or equal to 6.50:1.00, (B) in connection with any such Indebtedness incurred after December 31, 2024 and on or prior to December 31, 2025, less than or equal to 5.50:1.00 and (C) in connection with any such Indebtedness incurred after December 31, 2025, less than or equal to 4.75:1.00; and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Permitted Additional Debt; provided that without limitation of the requirements set forth in the definition of "Permitted Refinancing Indebtedness," such Permitted Refinancing Indebtedness shall be of the type described in clause (i) or clause (ii) of the definition of "Permitted Additional Debt";

(t) Indebtedness incurred to finance a Permitted Acquisition (or similar Investment); provided that (i) the aggregate amount of Indebtedness, measured at the time of incurrence and after giving pro forma effect thereto and the use of the proceeds thereof, of non-Loan Parties under this clause (t), shall not exceed the amount set forth in clause (h) above, (ii) after giving effect thereto no Event of Default (or in the case of a Limited Condition Transaction, no Specified Event of Default) shall exist or result therefrom, (iii) no portion of such Indebtedness shall mature prior to the Maturity Date, and (iv) after giving pro forma effect to any such purchase or other acquisition, the incurrence of any Indebtedness and the use of the proceeds thereof, the Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis~~) is~~ and after giving effect to any Subject Transaction to be consummated in connection therewith) is (A) in connection with any such Indebtedness incurred on or prior to December 31, 2024, less than or equal to ~~7.00~~6.50:1.00, (B) in

connection with any such Indebtedness incurred after December 31, 2024 and on or prior to December 31, 2025, less than or equal to 5.50:1.00 and (C) in connection with any such Indebtedness incurred after December 31, 2025, less than or equal to 4.75:1.00;

(u) Guarantee Obligations of Holdings and its Subsidiaries in respect of Indebtedness of Holdings or any Subsidiary otherwise permitted hereunder (except that a non-Loan Party may not, by virtue of this Section 6.01(u), guarantee Indebtedness that such non-Loan Party could not otherwise incur under this Section 6.01); provided that (i) if the Indebtedness being guaranteed is subordinated in right of payment to the Obligations, such Guarantee Obligation shall be subordinated in right of payment to the Guarantee of the Obligations on terms at least as favorable to the Lender as those contained in the subordination of such Indebtedness and (ii) no Guarantee by any Subsidiary of any Indebtedness of a Loan Party shall be permitted unless such Subsidiary shall have also provided a Guarantee of the Obligations;

(v) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take or pay obligations entered into in the ordinary course of business;

(w) (i) Indebtedness representing deferred compensation to employees, directors, consultants, contract providers, independent contractors or other service providers of Holdings, the Borrower and the Subsidiaries incurred in the ordinary course of business; and (ii) Indebtedness consisting of obligations of Holdings, the Borrower or the Subsidiaries under deferred compensation arrangements to their employees, directors, consultants, independent contractors or other service providers;

(x) Indebtedness arising from agreements of Holdings or any Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including earn-outs), in each case entered into in connection with Permitted Acquisitions, other Investments and the Disposition of any business, assets or Capital Stock permitted hereunder, other than Guarantee Obligations incurred by any Person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition; and

(y) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (x) above.

For purposes of determining compliance with this Section 6.01, (x) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in clauses (a) through (j), (l) through (q) and (u) through (y) above (or any sub-category thereof), the Borrower shall, in its sole discretion, classify and reclassify or later divide, classify or reclassify such item of Indebtedness (or any portion thereof) and will only be required to include the amount and type of such Indebtedness in one or more of the above clauses and (y) (i) amortization of debt discount or the accretion of principal with respect to a non interest bearing or other discount security, (ii) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Qualified Capital Stock in the form of additional Qualified Capital Stock of the same class and with the same terms and (iii) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of prepayment, redemption, repurchase, defeasance, acquisition or similar payment or making of a mandatory offer to prepay, redeem, repurchase, defease, acquire, or similarly pay such Indebtedness, will not be deemed to be an incurrence of Indebtedness.

Notwithstanding the foregoing, (x) no Loan Party will create or incur any Indebtedness which is contractually subordinated or ranking junior in right of payment to any other Indebtedness of the Loan Parties, unless such Indebtedness is also subordinated or ranking junior in right of payment, in the same manner and to the same extent, to the Obligations and (y) other than with respect to such Indebtedness as is described in Section 6.01(c), (d), (e), (f), (g), (i), (l), (m), (p), (q), (v), (w), (x) or (y), no non-Loan Party will incur Indebtedness except to the extent of Indebtedness expressly permitted by this Section 6.01 to be incurred by non-Loan Parties or with respect to which there is a cap on the amount of such Indebtedness that can be incurred or assumed, as applicable, by non-Loan Parties.

SECTION 6.02. Liens. Holdings shall not, nor shall they permit any of its Subsidiaries to, create, incur, assume or permit or suffer to exist any Lien on or with respect to any property of any kind owned by it, whether now owned or hereafter acquired, or any income or profits therefrom, except:

(a) Liens created pursuant to the Loan Documents securing the Obligations;

(b) Liens for Taxes, assessments or other governmental charges or levies (i) that are not then due or, if due, obligations with respect to such Taxes that are not at such time required to be paid pursuant to Section 5.03 or (ii) that are being contested in good faith in accordance with Section 5.03;

(c) statutory Liens (and rights of set-off) of landlords, banks, carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other Liens imposed by applicable Requirements of Law (i) for amounts not yet overdue by more than 30 days or (ii) for amounts that are overdue by more than 30 days and that are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

(d) Liens incurred or deposits made (i) in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security laws and regulations, (ii) in the ordinary course of business, to secure the performance of tenders, statutory obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money), (iii) pursuant to pledges and deposits of Cash or Cash Equivalents in the ordinary course of business, securing (A) any liability for reimbursement or indemnification obligations of insurance carriers providing property, casualty, liability or other insurance to Holdings and its subsidiaries or (B) leases or licenses of property otherwise permitted by this Agreement or (iv) to secure obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments posted with respect to the items described in clauses (i) through (iii) above;

(e) Liens consisting of survey exceptions, easements, rights-of-way, restrictions, covenants, conditions, declarations, encroachments, zoning restrictions and other defects or irregularities in title, or environmental deed restrictions, in each case which do not, in the aggregate, materially interfere with the ordinary conduct of the business of Holdings and its Subsidiaries, taken as a whole;

(f) Liens consisting of any (i) interest or title of a lessor or sub-lessor under any lease of real estate permitted hereunder, (ii) customary landlord liens permitted by the terms of any lease, (iii) restriction or encumbrance to which the interest or title of such lessor or sub-lessor may

be subject or (iv) subordination of the interest of the lessee or sub-lessee under such lease to any restriction or encumbrance referred to in the preceding clause (iii);

(g) Liens solely on any Cash earnest money deposits made by Holdings or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to any Investment or Disposition permitted hereunder; provided that the amount of Cash earnest money deposits made by non-Loan Parties that are secured by Liens outstanding in reliance on this clause (g) shall not exceed the greater of (x) $5,000,000 and (y) 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time;

(h) purported Liens (i) evidenced by the filing of UCC financing statements relating solely to operating leases or bailee arrangements, (ii) consisting of the prior rights of consignees and their lenders under consignment arrangements, in each case entered into in the ordinary course of business, and (iii) arising from precautionary UCC filings;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) (i) Liens in connection with any zoning, building, environmental or similar Requirement of Law or right reserved to or vested in any Governmental Authority to control or regulate the use of any or dimensions of real property or the structure thereon, including Liens in connection with any condemnation, expropriation or eminent domain proceeding or compulsory purchase order and (ii) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of such Person in the ordinary course of business;

(k) Liens existing on the Closing Date and any modifications, replacements, refinancings, renewals or extensions of the foregoing; provided that any such Lien shall be described on Schedule 6.02; provided, further that (i) no such Lien extends to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien and (B) proceeds and products thereof, accessions thereto and improvements thereon and (ii) such modification, replacement, refinancing, renewal or extension of the obligations secured or benefited by such Liens, if constituting Indebtedness, is permitted by Section 6.01;

(l) Liens arising out of Sale and Lease-Back Transactions permitted under Section 6.07 securing Indebtedness permitted by Section 6.01(o);

(m) Liens securing Indebtedness permitted pursuant to Section 6.01(j); provided that any such Lien shall encumber only (i) the property financed by such Indebtedness and replacements thereof and accessions and additions to such property and ancillary rights thereto and the proceeds and the products thereof, improvements thereon and customary security deposits, related contract rights and payment intangibles and other assets related thereto and any cross collateral and (ii) proceeds and products thereof, accessions thereto and improvements thereon;

(n) (i) Liens securing Indebtedness permitted pursuant to Section 6.01(k) on assets acquired or on the Capital Stock and assets of the relevant newly acquired Subsidiary; provided that such Lien (A) such Lien does not extend to or cover any other assets (other than the proceeds or products thereof, replacements thereof, accessions or additions thereto and improvements thereon, after-acquired property subject to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require or

include, pursuant to their terms at such time, a pledge of after-acquired property of such Subsidiary, and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition) and (B) such Lien was not created in contemplation of the applicable acquisition of assets or Capital Stock;

(o) Liens (i) that are contractual rights of setoff or netting relating to (A) the establishment of depositary relations with banks not granted in connection with the issuance of Indebtedness, (B) pooled deposit or sweep accounts of Holdings or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Holdings or any Subsidiary, (C) purchase orders and other agreements entered into with customers of Holdings or any Subsidiary in the ordinary course of business, and (D) commodity trading or other brokerage accounts incurred in the ordinary course of business, (ii) Liens encumbering reasonable customary initial deposits and margin deposits, (iii) bankers Liens and rights and remedies as to deposit accounts, (iv) on the proceeds of any Indebtedness incurred in connection with any transaction permitted hereunder, which proceeds have been deposited into an escrow account on customary terms to secure such Indebtedness pending the application of such proceeds to finance such transaction and (v) Liens consisting of an agreement to dispose of any property in a Disposition permitted under Section 6.06, in each case, solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(p) Liens on assets of Subsidiaries that are non-Loan Parties (including Capital Stock owned by such Persons) securing Indebtedness of Subsidiaries that are non-Loan Parties permitted pursuant to Section 6.01(h);

(q) Liens securing obligations (other than obligations representing Indebtedness for borrowed money) under operating, reciprocal easement or similar agreements entered into in the ordinary course of business, of Holdings and its Subsidiaries;

(r) Liens disclosed in the title insurance policies delivered pursuant to Section 5.10 with respect to any Mortgaged Property and acceptable to the Lender and any replacement, extension or renewal of any such Lien; provided that no such replacement, extension or renewal Lien shall cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal (and additions thereto, improvements thereon and the proceeds thereof);

(s) so long as no Specified Event of Default shall have occurred and be continuing at the time of the incurrence thereof, Liens on assets securing Indebtedness or other obligations in an aggregate principal amount at any time outstanding not to exceed the greater of (i) $~~15,000,000~~10,000,000 and (ii) ~~15~~10% of Consolidated Adjusted EBITDA for the most recently ended Test Period;

(t) Liens on assets securing judgments, awards, attachments or decrees and notices of *lis pendens* and associated rights relating to litigation not constituting an Event of Default under Section 7.01(h);

(u) leases, licenses, subleases of IP Rights or sublicenses granted to others in the ordinary course of business, which do not secure any Indebtedness and as otherwise permitted pursuant to Section 6.06(n);

(v) Liens securing obligations in respect letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments permitted under Sections 6.01(c), (d), (f) and (p); provided that the aggregate amount of obligations in respect of commercial letters of credit or banker's acceptances issued or created earnest money deposits for the account of any non-Loan Parties that are secured by Liens outstanding in reliance on this clause (v) shall not exceed the greater of (x) $5,000,000 and (y) 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period as of such time;

(w) Liens arising (i) out of conditional sale, title retention, consignment or similar arrangements for the sale of any assets or property in the ordinary course of business and permitted by this Agreement or (ii) by operation of law under Article 2 of the UCC (or similar Requirement of Law under any jurisdiction);

(x) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(y) (i) receipt of progress payments and advances from customers in the ordinary course of business to the extent the same creates a Lien on the related inventory and proceeds thereof and (ii) Liens on specific items of inventory or other goods and the proceeds thereof securing such Person's obligations in respect of commercial letters of credit or banker's acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or goods;

(z) Liens securing Revolving Facility Indebtedness ~~(including any guarantees in respect thereof and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the undrawn face amount thereof~~permitted to be incurred in accordance with Section 6.01(r) and Derivatives Transactions entered into solely to hedge floating interest rate exposure for such Revolving Facility Indebtedness permitted to be incurred in accordance with Section 6.01(r) (and not, for the avoidance of any doubt, any speculative or other purpose) secured in connection therewith; provided that the holders (or a representative thereof on behalf of such holders) and the Lender shall have entered into an Acceptable Intercreditor Agreement;

(aa) Liens created pursuant to the Permitted Additional Debt Documents securing Permitted Additional Debt Obligations permitted to be incurred under Section 6.01(s) (provided that such Liens do not extend to any assets that are not Collateral); provided that the applicable Permitted Additional Debt Secured Parties (or a representative thereof on behalf of such holders) shall have entered into with the Lender an Acceptable Intercreditor Agreement and the Lender shall have executed such Acceptable Intercreditor Agreement;

(bb) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents permitted under Section 6.06;

(cc) Liens on Capital Stock in joint ventures; provided that any such Lien is in favor of a creditor or partner of such joint venture; and

(dd) ground leases in respect of Real Estate Assets on which facilities owned or leased by Holdings or any of its Subsidiaries are located.

For purposes of determining compliance with this Section 6.02, in the event that a Lien meets the criteria of more than one of the categories of Liens described in clauses (a) through (dd) above (or any sub-category thereof), the Borrower shall, in its sole discretion, classify and reclassify or later divide, classify or reclassify such item of Liens (or any portion thereof) and will only be required to include the amount and type of such Liens in one or more of the above clauses.

SECTION 6.03. Restrictive Agreements. Holdings shall not nor shall it permit any of its Subsidiaries to enter into any agreement (x) prohibiting the creation or assumption of any Lien upon any of its properties, whether now owned or hereafter acquired, for the benefit of the Lender with respect to the Obligations, or (y) prohibiting or restricting any Subsidiary's ability to make or declare dividends or other distributions with respect to its Capital Stock, except with respect to:

(a) specific property to be sold pursuant to any Disposition permitted by Section 6.06;

(b) solely in the case of clause (x) of the foregoing, restrictions contained in any agreement with respect to Indebtedness permitted by Section 6.01 that is secured by a Permitted Lien, but only if such restrictions apply only to the Person or Persons obligated under such Indebtedness and its or their Subsidiaries or the property or assets securing such Indebtedness;

(c) solely in the case of clause (x) of the foregoing, restrictions contained in the documentation governing Indebtedness permitted by clauses (j), (k) and (o) of Section 6.01;

(d) solely in the case of clause (x) of the foregoing, restrictions by reason of customary provisions restricting assignments, subletting or other transfers (including the granting of any Lien) contained in leases (including customary net worth provisions contained in real property leases entered into by Subsidiaries), subleases, licenses, sublicenses and other agreements entered into in the ordinary course of business (provided that such restrictions are limited to the relevant leases, subleases, licenses, sublicenses or other agreements and/or the property or assets secured by such Liens or the property or assets subject to such leases, subleases, licenses, sublicenses or other agreements, as the case may be);

(e) solely in the case of clause (x) of the foregoing, Permitted Liens and restrictions in the agreements relating thereto that limit the right of Holdings or any of its Subsidiaries to Dispose of, or encumber the assets subject to such Liens;

(f) any encumbrance or restriction assumed in connection with an acquisition of property or the Capital Stock of any Person, so long as such encumbrance or restriction relates solely to the property so acquired (or to the Person or Persons (and its or their subsidiaries) bound thereby) and was not created in connection with or in contemplation of such acquisition;

(g) solely in the case of clause (x) of the foregoing, restrictions imposed by customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements that restrict the transfer of the assets of, or ownership interests in, such partnership, limited liability company, joint venture or similar Person;

(h) restrictions on Cash or other deposits imposed by Persons under contracts entered into in the ordinary course of business or for whose benefit such Cash or other deposits exist;

(i) customary restrictions and conditions existing on the Closing Date;

(j) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted by Section 6.05 and applicable solely to such joint venture and entered into in the ordinary course of business;

(k) provisions restricting the granting of a security interest in intellectual property contained in licenses or sublicenses by Holdings and its Subsidiaries of such intellectual property, which licenses and sublicenses were entered into in the ordinary course of business (in which case such restriction shall relate only to such intellectual property); and

(l) other restrictions or encumbrances imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (k) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower, no more restrictive with respect to such encumbrances and other restrictions, taken as a whole, than those in effect prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

SECTION 6.04. Restricted Payments; Certain Payments of Indebtedness.

(a) Holdings shall not pay or make, directly or indirectly, any Restricted Payment, except that:

(i) Except with respect to clause (A)(y) below, so long as no Specified Event of Default shall have occurred and be continuing at the time of the making thereof, Holdings may make Restricted Payments to the extent necessary to permit any Parent Company of Holdings:

(A) to pay (x) general administrative costs and expenses (including corporate overhead, audit and other accounting and reporting expenses, administrative, legal or similar expenses and customary wages, salary, bonus and other benefits payable to directors, officers, employees, members of management, consultants and/or independent contractors of any Parent Company) in an aggregate amount not to exceed $2,500,000 per fiscal year, and (y) franchise fees, franchise Taxes and similar fees, Taxes and expenses required to maintain the organizational existence of such Parent Company and any reasonable and customary indemnification claims made by directors or officers of Parent Company attributable to the direct or indirect ownership or operations of Holdings and its Subsidiaries, in each case, incurred in the ordinary course of business;

(B) for any taxable period ending after the Closing Date with respect to which Holdings or any of its subsidiaries is a member of a consolidated, combined or similar income tax group of which any Parent Company is the common parent (a "**Tax Group**"), or in which Holdings or the Borrower is disregarded from a direct or indirect parent entity that is a C corporation for U.S. federal income tax purposes, to pay the portion of any consolidated, combined or similar income Taxes of such Tax Group that is attributable to the taxable income of

Holdings and its subsidiaries; provided that for each taxable period, the amount of such payments made in respect of such period shall not exceed the amount that Holdings and its applicable subsidiaries would have been required to pay as a stand-alone taxpayer or stand-alone Tax Group;

(C) to finance any Investment permitted to be made pursuant to Section 6.05; provided that (x) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (y) Holdings or such Parent Company shall, immediately following the closing thereof, cause all property acquired (whether assets or Capital Stock) to be held by or contributed to Holdings or another Loan Party or, subject to compliance with Section 6.05(b), any Subsidiary; and

(D) in an amount equal to withholding or similar taxes payable or expected to be payable by any future, current or former employee, director, manager, consultant or independent contractor (or any of their respective Immediate Family Members) of any Parent Company of Holdings, ~~any Equityholding Vehicle,~~ the Borrower or any Subsidiary of the Borrower in connection with the exercise or vesting of Capital Stock or other equity awards or any repurchases, redemptions, acquisitions, retirements or withholdings of Capital Stock in connection with any exercise of Capital Stock or other equity options or warrants or the vesting of Capital Stock or other equity awards if such Capital Stock represent all or a portion of the exercise price of, or withholding obligation with respect to, such options or, warrants or other Capital Stock or equity awards; provided that the aggregate amount of Restricted Payments made pursuant to this subclause (D) shall not exceed $2,500,000 in any fiscal year (with any unused amounts permitted to be carried forward to the immediately following fiscal year);

in each case, so long as such Parent Company promptly applies the amount of any such Restricted Payment for such purpose;

(ii) Holdings may pay (or make Restricted Payments to allow any Parent Company to pay) for the repurchase, redemption, retirement or other acquisition or retirement for value of Capital Stock of any Parent Company or any subsidiary of Holdings held by any future, present or former employee, vendor, director, member of management, officer, manager or consultant (or any Affiliate thereof) of any Parent Company or any subsidiary of Holdings with Cash and Cash Equivalents in an amount not to exceed the greater of $5,000,000 and 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period in any Fiscal Year; provided that any unused portion of the preceding basket calculated for any calendar year may be carried forward to the next succeeding calendar year;

(iii) ~~so long as no Event of Default shall have occurred and be continuing at the time of the declaration thereof, Holdings may make Restricted Payments in an aggregate amount not to exceed the greater of $5,000,000 and 5.0% of Consolidated Adjusted EBITDA for the most recently ended Test Period;~~[reserved];

(iv) Holdings may make Restricted Payments in accordance with the Revenue Share Agreement (as defined in the Purchase Agreement);

(v) Holdings may make Restricted Payments the proceeds of which shall be used to pay customary salary, compensation, bonus and other benefits payable to officers, employees, consultants and other service providers of any Parent Company or partner of Holdings to the extent such salaries, compensation, bonuses and other benefits are

attributable to the ownership or operation of Holdings, the Borrower and its Restricted Subsidiaries; provided that the aggregate amount of Restricted Payments made pursuant to this subclause (v) shall not exceed $2,500,000 in any fiscal year (with any unused amounts permitted to be carried forward to the immediately following fiscal year);

(vi) Holdings may pay any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of this Agreement (it being understood that a distribution pursuant to this Section 6.04(a)(vi) shall be deemed to have utilized capacity under such other provision of this Agreement);

(vii) ~~Holdings may make Restricted Payments in an aggregate amount not to exceed an amount equal to the Available Equity Amount at the time such Restricted Payment is paid~~[reserved];

(viii) Holdings may pay Restricted Payments payable solely in its Qualified Capital Stock; and

(ix) Holdings may pay cash in lieu of fractional Qualified Capital Stock in connection with any dividend, split or combination thereof or any Permitted Acquisition (or other similar permitted Investment).

(b) The Borrower shall not, and Holdings shall not permit any Subsidiary to, pay or make, directly or indirectly, any Restricted Payment, except that:

(i) any Subsidiary of the Borrower may make Restricted Payments to its direct equity holders (other than Holdings) on a ratable basis (or greater than ratable basis with respect to equityholders that are the Borrower or a Subsidiary that is a Loan Party); and

(ii) the Borrower may make Restricted Payments to Holdings to the extent necessary to permit Holdings to make Restricted Payments permitted by Section 6.04(a) (or as if such Restricted Payments were to be paid to Holdings instead of a Parent Company); in each case under this clause (ii), so long as Holdings promptly applies the amount of any such Restricted Payment for such purpose.

(c) Holdings shall not, nor shall it permit any Subsidiary to, make any payment in Cash, securities or other property on or in respect of principal or interest on any Junior Debt, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Junior Debt (collectively, "**Restricted Debt Payments**"), except:

(i) the purchase, defeasance, redemption, repurchase, repayment or other acquisition or retirement of any Junior Debt made by exchange for, or out of the proceeds of the substantially concurrent incurrence of, Junior Debt permitted by Section 6.01;

(ii) payments of regularly scheduled interest and payments of fees, expenses and indemnification obligations as and when due in respect of any Junior Debt (other than payments prohibited by the subordination provisions thereof (if any));

(iii) to the extent constituting Junior Debt, payments in respect of earn-outs and purchase price adjustments arising under Investments otherwise expressly permitted under this Agreement;

(iv)

(A) payments with respect to intercompany Indebtedness between the Borrower and its Subsidiaries permitted under Section 6.01, subject to the payment subordination provisions applicable thereto; and

(B) so long as no Event of Default exists at the time of delivery of notice with respect thereof or would result therefrom, additional Restricted Debt Payments in an aggregate amount not to exceed the greater of $7,500,000 and 7.5% of Consolidated Adjusted EBITDA for the most recently ended Test Period; ~~and~~

~~(C) Restricted Debt Payments in an aggregate amount not to exceed the Available Equity Amount at the time of such Restricted Debt Payment;~~

(v) the conversion thereof to Capital Stock (other than Disqualified Capital Stock) of Holdings; and

(vi) the refinancing thereof with the Net Proceeds of any Indebtedness that constitutes Junior Debt of the same type as the Junior Debt being refinanced (to the extent such Indebtedness constitutes Permitted Refinancing Indebtedness).

For purposes of determining compliance with this Section 6.04, in the event that a proposed Restricted Payment (or a portion thereof) or Restricted Debt Payment ~~of~~(or a portion thereof), as applicable meets the criteria of clauses (a)(i) through (ix), (b)(i) or (ii) or (c)(i) through (vi) (or any sub-category thereof) above, as applicable, the Borrower will be entitled to classify or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment (or portion thereof) among such clauses (a)(i) through (ix), (b)(i) or (ii) or (c)(i) through (vi) (or any sub-category thereof) in a manner that otherwise complies with this Section 6.04; provided that, the Borrower shall not be entitled to classify or later reclassify any Restricted Payments as Restricted Debt Payments or any Restricted Debt Payments as Restricted Payments.

SECTION 6.05. Investments. Holdings shall not, nor shall it permit any of its Subsidiaries to make or own any Investment in any other Person except:

(a) Cash or Investments that were Cash Equivalents at the time made;

(b) Investments (i) by Holdings, the Borrower or any Subsidiary in any Loan Party, (ii) by any Subsidiary that is not a Loan Party in any other Subsidiary that is also not a Loan Party, (iii) by Holdings or any Subsidiary in any Subsidiary, subject, in the case of this clause (iii) to no Specified Event of Default having occurred that is continuing at the time of any such Investment (other than any intercompany Investments to fund cash reserves to the extent required to be maintained by Subsidiaries that are Regulated Entities solely for the purpose of meeting required reserve requirements pursuant to applicable laws or regulations) in any Subsidiary that is not a Loan Party; provided that the aggregate amount of such Investments (other than (x) intercompany

Investments, reorganizations and related activities related to tax planning and reorganization or (y) intercompany Investments to fund cash reserves maintained by Subsidiaries that are Regulated Entities for the purpose of meeting required reserve requirements pursuant to applicable laws or regulations) made by Loan Parties after the Closing Date in Subsidiaries that are not Loan Parties in reliance on this clause (iii) shall not exceed the sum of (A) the greater of $~~15,000,000~~10,000,000 and ~~15~~10% of Consolidated Adjusted EBITDA for the most recently ended Test Period and (B) an amount equal to the amount by which any Returns in respect of Investments made in reliance on clause (A) exceeds the amount set forth in clause (A);

(c) Investments (i) constituting deposits, prepayments, trade credit and/or other credits to suppliers made in the ordinary course of business, (ii) made in connection with obtaining, maintaining or renewing client and customer contracts made in the ordinary course of business and (iii) in the form of advances made to distributors, suppliers, licensors and licensees, in each case, in the ordinary course of business, or, in the case of clause (iii), to the extent necessary to maintain the ordinary course of supplies to Holdings or any Subsidiary;

(d) Permitted Acquisitions; provided that the aggregate amount of consideration paid or provided by Holdings, the Borrower or any other Loan Party after the Closing Date in reliance on this clause (d) for Permitted Acquisitions (including the aggregate principal amount of all Indebtedness assumed in connection with Permitted Acquisitions) made or provided by any Loan Party to purchase or acquire any Non-Compliant Subsidiary or Assets and that is allocable to the purchase or acquisition of such Non-Compliant Subsidiaries or Assets (determined in accordance with GAAP and excluding amounts referred to in the proviso to this sentence), shall not exceed the sum of (A) the greater of $~~25,000,000~~17,500,000 and ~~25~~17.5% of Consolidated Adjusted EBITDA for the most recently ended Test Period at such time and (B) an amount equal to the amount by which any Returns in respect of Investments made in reliance on clause (A) exceeds the amount set forth in clause (A);

(e) Investments (i) existing on, or contractually committed to as of, the Closing Date; provided, that any such Investment shall be described on Schedule 6.05 and (ii) any modification, replacement, renewal or extension thereof so long as such modification, renewal or extension thereof does not increase the amount of such Investment except, in the case of any such Investment described on Schedule 6.05, by the terms thereof as in effect on the Closing Date or as otherwise permitted by this Section 6.05;

(f) Investments received in lieu of Cash in connection with any Disposition permitted by Section 6.05;

(g) loans or advances to present or former employees, directors, members of management, officers, managers or consultants, independent contractors or other service providers of any Parent Company, any subsidiaries of Holdings and/or any joint venture to the extent constituting Investments; provided that at the time of any such Investment and after giving pro forma effect thereto, the aggregate principal amount of Investments made in reliance on this clause (g) shall not exceed the greater of $5,000,000 and 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period;

(h) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business;

(i) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers;

(j) (i) loans and advances of payroll payments or other compensation (including deferred compensation) or moving, entertainment or travel expenses to present or former employees, directors, members of management, officers, managers or consultants of Holdings, the Borrower or any Subsidiary in the ordinary course of business and (ii) loans and advances to present or former employees, directors, members of management, officers, managers or consultants of Holdings, the Borrower or any Subsidiary in connection with such Person's purchase of Capital Stock of Holdings (provided that the amount of such loans and advances shall be contributed to Holdings in cash as common equity (or any other form of equity reasonably satisfactory to the Lender) or used to satisfy tax obligations relating to proceeds received by such Person in connection with the Transactions, which proceeds are used for the purchase of such Capital Stock;

(k) (i) Investments of any Subsidiary acquired after the Closing Date, or of any Person acquired by, or merged into or consolidated or amalgamated with, Holdings or any Subsidiary after the Closing Date, in each case pursuant to an Investment otherwise permitted by this Section 6.05 to the extent that such Investments of such Person were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation and (ii) any modification, replacement, renewal or extension of any Investment permitted under clause (i) of this Section 6.05(k) so long as any such modification, replacement, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by this Section 6.05;

(l) Investments made after the Closing Date by Holdings and/or any of its Subsidiaries provided that at the time of any such Investment and after giving pro forma effect thereto (i) no Specified Event of Default shall have occurred and be continuing and (ii) the aggregate principal amount of Investments made in reliance on this clause (l) shall not exceed the sum of (A) greater of $12,500,000 and 12.5% of Consolidated Adjusted EBITDA for the most recently ended Test Period and (B) an amount equal to the amount by which any Returns in respect of Investments made in reliance on clause (A) exceeds the amount set forth in clause (A);

(m) Investments in Similar Businesses provided that at the time of any such Investment and after giving pro forma effect thereto, the aggregate principal amount of Investments made in reliance on this clause (m) shall not exceed the sum of (A) the greater of $10,000,000 and 10% of Consolidated Adjusted EBITDA for the most recently ended Test Period and (B) an amount equal to the amount by which any Returns in respect of Investments made in reliance on clause (A) exceeds the amount set forth in clause (A);

(n) Investments in joint ventures provided that at the time of any such Investment and after giving pro forma effect thereto, the aggregate principal amount of Investments made in reliance on this clause (n) shall not exceed the sum of (A) the greater of $10,000,000 and 10% of Consolidated Adjusted EBITDA for the most recently ended Test Period and (B) an amount equal to the amount by which any Returns in respect of Investments made in reliance on clause (A) exceeds the amount set forth in clause (A);

(o) (i) Guarantees of leases (other than Financing Lease Obligations) or of other obligations not constituting Indebtedness and (ii) Guarantees of the lease obligations of suppliers,

customers, franchisees and licensees of Holdings and its Subsidiaries, in each case in the ordinary course of business;

(p) Investments under any Derivative Transactions permitted to be entered into under Section 6.01;

(q) so long as no Specified Event of Default shall have occurred and be continuing at the time of the making thereof, additional Investments; provided that at the time of such Investment and after giving pro forma effect thereto, the Consolidated Total Leverage Ratio (calculated on a Pro Forma Basis and after giving effect to any Subject Transaction to be consummated in connection therewith) is not greater than ~~7.00:1.00~~(A) in connection with any such Investment made on or prior to December 31, 2024, 6.50:1.00, (B) in connection with any such Investment made after December 31, 2024 and on or prior to December 31, 2025, 5.50:1.00 and (C) in connection with any such Investment made after December 31, 2025, 4.75:1.00, in each case, as of the last day of the Test Period most recently ended on or prior to the making of such Investment;

(r) Investments made to acquire, purchase, repurchase or retire Qualified Capital Stock of Holdings or the Borrower owned by any employee equity ownership plan or similar plan of Holdings the Borrower, or any Subsidiary;

(s) contributions to a "rabbi" trust for the benefit of employees, directors, consultants, independent contractors or other service providers or other grantor trust subject to claims of creditors in the case of a bankruptcy of Holdings;

(t) ~~Investments made after the Closing Date by Holdings and/or any of its Subsidiaries provided that at the time of any such Investment and after giving pro forma effect thereto, the aggregate principal amount of Investments made in reliance on this clause (u) shall not exceed the Available Equity Amount at such time; and~~[reserved]; and

(u) Investments consisting of Liens, Indebtedness, fundamental changes, Dispositions, Restricted Payments and Sale and Lease-Back Transactions expressly permitted under Section 6.01, Section 6.02, Section 6.04 and Section 6.06 (other than Section 6.06(t)) and Section 6.07, respectively; provided, however, that no Investments may be made solely pursuant to this Section 6.05(u).

For purposes of determining compliance with this Section 6.05, in the event that a proposed Investment (or a portion thereof) meets the criteria of clauses (a) through (u) (other than clause (q)) above and, the Borrower will be entitled to classify or later reclassify (based on circumstances existing on the date of such reclassification) such Investment (or portion thereof) among such clauses (a) through (u) (other than clause (q)) above in a manner that otherwise complies with this covenant.

SECTION 6.06. Fundamental Changes; Disposition of Assets. Holdings shall not, nor shall it permit any of its Subsidiaries to, enter into any transaction of merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or make any Disposition, except:

(a) Dispositions (i) between or among Loan Parties, (ii) from Subsidiaries that are not Loan Parties to Loan Parties, (iii) between or among Subsidiaries that are not Loan Parties and (iv) from Loan Parties to Subsidiaries that are not Loan Parties to the extent such Dispositions

would be permitted as Investments under Section 6.05 (and for the avoidance of doubt, such Dispositions shall use basket capacity under Section 6.05);

(b) the liquidation or dissolution of any Subsidiary if Holdings determines in good faith that such liquidation or dissolution (x) is in the best interests of Holdings, (y) is not materially disadvantageous to the Lender and (z) if such liquidating or dissolving Subsidiary is a Loan Party, a Loan Party receives any assets of such dissolved or liquidated Subsidiary; provided that no dissolution or liquidation of the Borrower shall be permitted hereunder;

(c) (i) Dispositions of inventory, equipment, raw or scrap materials or other assets in the ordinary course of business and (ii) the leasing or subleasing of real property in the ordinary course of business;

(d) (i) Dispositions of surplus, obsolete, used or worn out property or other property that, as determined in good faith by Holdings, is (A) no longer useful in its business (or in the business of any of its Subsidiaries) or (B) otherwise economically impracticable to maintain and (ii) any assets acquired in connection with the acquisition of another Person or a division or line of business of such Person which Holdings reasonably determines in good faith are surplus assets;

(e) Dispositions of Cash Equivalents or other assets that were Cash Equivalents when the original Investment was made (in each case, for the Fair Market Value thereof);

(f) Sale and Lease-Back Transactions permitted by clause (A) or (B) of the proviso in Section 6.07;

(g) Dispositions for Fair Market Value; provided that with respect to all such Dispositions (in a single transaction or in a series of related transactions) with a purchase price in an aggregate amount in excess of the greater of $10,000,000 and 10% of Consolidated Adjusted EBITDA for the most recently ended Test Period, at least 75% of the consideration for such Dispositions in the aggregate for all such Dispositions after the Closing Date shall consist of Cash or Cash Equivalents; provided, further, that, for purposes of determining what constitutes Cash and Cash Equivalents under this clause (g), (i) any securities received by Holdings or such Subsidiary from such transferee that are converted by Holdings or such Subsidiary into Cash (to the extent of the cash received) within 180 days following the closing of the applicable Disposition shall be deemed to be Cash and (ii) any Designated Non-Cash Consideration received by Holdings or such Subsidiary in respect of the applicable Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this proviso that is outstanding at the time such Designated Non-Cash Consideration is received, not in excess of the greater of $10,000,000 and 10% of Consolidated Adjusted EBITDA for the most recently ended Test Period at the time of the receipt of such Designated Non-Cash Consideration, with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value, shall be deemed to be Cash;

(h) to the extent that (i) the relevant property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of the relevant Disposition are promptly applied to the purchase price of such replacement property;

(i) Dispositions, discounting or forgiveness of accounts receivable in the ordinary course of business (including to insurers which have provided insurance as to the collection thereof) or in connection with the collection or compromise thereof (including sales to factors);

(j) Dispositions and/or terminations of leases, subleases, licenses or sublicenses (including the provision of software under an open source license), which (i) do not materially interfere with the business of Holdings and its Subsidiaries (taken as a whole) or (ii) relate to closed facilities or the discontinuation of any product or service line;

(k) (i) termination of leases in the ordinary course of business, (ii) the expiration of any option agreement in respect of real or personal property and (iii) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims (including in tort) in the ordinary course of business;

(l) Dispositions of property subject to casualty, foreclosure, eminent domain, expropriation or condemnation proceedings (including in lieu thereof or any similar proceeding);

(m) other Dispositions after the Closing Date in an aggregate amount of not more than the greater of $7,500,000 and 7.5% of Consolidated Adjusted EBITDA for the most recently ended Test Period in any Fiscal Year, which, if not used in such Fiscal Year, shall be carried forward to the immediately succeeding Fiscal Year; provided that no Event of Default shall have occurred and be continuing on the date on which the definitive agreement governing the relevant Disposition is executed;

(n) (i) Dispositions, licensing, sublicensing and cross-licensing arrangements involving any technology, intellectual property or IP Rights of Holdings or any Subsidiary in the ordinary course of business; provided, that any such lease, license or sublease of IP Rights shall be (x) granted on a non-exclusive basis and (y) limited in time, and (ii) the Disposition, abandonment, cancellation or lapse of any technology, intellectual property or IP Rights, or any issuances or registrations, or applications for issuances or registrations, of any intellectual property or IP Rights, which, in the reasonable good faith determination of Holdings are not material to the conduct of the business of Holdings and/or its Subsidiaries, or are no longer economical to maintain in light of its use;

(o) Dispositions in connection with the termination or unwinding of Derivative Transactions entered into in the ordinary course of business and not for speculative purposes;

(p) any merger, amalgamation, consolidation, Disposition or conveyance the sole purpose and effect of which is to reincorporate or reorganize (i) any Subsidiary organized in a state within the United States in another state within the United States or (ii) any other Subsidiary in the United States or any other jurisdiction;

(q) Dispositions of assets that do not constitute Collateral having an aggregate Fair Market Value of up to the greater of $5,000,000 and 5% of Consolidated Adjusted EBITDA as of the last day of the most recently ended Test Period; provided that no Event of Default shall have occurred and be continuing on the date on which the definitive agreement governing the relevant Disposition is executed;

(r) (x) any Subsidiary may merge, amalgamate or consolidate with (i) the Borrower or Holdings (including a merger, the purpose of which is to reorganize the Borrower or Holdings into a new jurisdiction) and the Borrower or Holdings may merge amalgamate or consolidate with any such Subsidiary; provided that the Borrower or Holdings, as applicable, shall be the continuing or surviving Person and such merger does not result in the Borrower or Holdings, as applicable, ceasing to be a corporation, partnership or limited liability company organized under the laws of the United States, any state thereof or the District of Columbia, (ii) one or more other Subsidiaries

other than the Borrower; provided that when any Person that is a Loan Party is merging with such Subsidiary, a Loan Party shall be the continuing or surviving Person or (iii) any other Person; provided that the continuing or surviving Person shall be a Subsidiary and if any Person that is a Loan Party is merging with such Person, a Loan Party shall be the continuing or surviving Person and (y) the Borrower or Holdings may merge amalgamate or consolidate with any other Person; provided that the Borrower or Holdings, as applicable, shall be the continuing or surviving Person and such merger does not result in the Borrower or Holdings, as applicable, ceasing to be a corporation, partnership or limited liability company organized under the laws of the United States, any state thereof or the District of Columbia;

(s) any Subsidiary that is not a Loan Party may merge, amalgamate or consolidate with or into any other Subsidiary that is not a Loan Party;

(t) Dispositions permitted by Section 6.04 and Section 6.05 (other than Section 6.05(r)), and Liens permitted by Section 6.02; and

(u) Dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements.

Notwithstanding anything to the contrary contained in this Agreement, Holdings and the Borrower shall not, nor shall they permit any of their respective Subsidiaries to, make any Disposition of, or any Investment in the form of, intellectual property or IP Rights which, in the reasonable good faith determination of the Borrower are material to the conduct of the business of Holdings, the Borrower and its Subsidiaries (taken as a whole) to any Subsidiary that is not a Loan Party, nor shall the Borrower designate any Subsidiary as an Excluded Subsidiary at any time when such Subsidiary owns intellectual property or IP Rights which, in the reasonable good faith determination of the Borrower are material to the conduct of the business of Holdings, the Borrower and its Subsidiaries (taken as a whole).

SECTION 6.07. Sales and Lease-Backs. Holdings shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which Holdings or such Subsidiary (a) has sold or transferred or is to sell or to transfer to any other Person (other than Holdings or any of its Subsidiaries) and (b) intends to use for substantially the same purpose as the property which has been or is to be sold or transferred by Holdings or Subsidiary to any Person (other than Holdings or any of its Subsidiaries) in connection with such lease (such a transaction described herein, a "**Sale and Lease-Back Transaction**"); provided that any Sale and Lease-Back Transaction shall be permitted so long as such Sale and Lease-Back Transaction is either (A) permitted by Section 6.01(j) (or which otherwise constitutes a Financing Lease Obligation or purchase money Indebtedness permitted by Section 6.01), (B) described on Schedule 6.07 hereto or (C) permitted by Section 6.06(f).

SECTION 6.08. Transactions with Affiliates. Holdings shall not, nor shall it permit any of its Subsidiaries to, enter into any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) involving, pursuant to any such transaction, payments in excess of the greater of $5,000,000 and 5% of Consolidated Adjusted EBITDA for the most recently ended Test Period in any Fiscal Year with any of their Affiliates on terms (taken as a whole) that are less favorable to Holdings or such Subsidiary in any material respect, as the case may be (as determined in good faith by the Borrower), than those that might be obtained at the time in a comparable arm's-length transaction from a Person who is not an Affiliate; provided that the foregoing restriction shall not apply to:

(a) transactions in existence on the Closing Date and described on Schedule 6.08 and any amendment, modification or extension thereto to the extent such amendment, modification or extension, taken as a whole, is not (i) adverse to the Lender in any material respect or (ii) more disadvantageous to the Lender in any material respect than the relevant transaction in existence on the Closing Date in any material respect;

(b) the Transactions, including the payment of Transaction Costs;

(c) Guarantees permitted by Section 6.01;

(d) (i) any purchase by Holdings of the Capital Stock of (or contribution to the equity capital of) the Borrower and (ii) the making of any intercompany loan by Holdings to the Borrower or any Subsidiary, in each case of clause (i) or (ii) above, to the extent expressly permitted under this Agreement;

(e) any issuance, sale or grant of securities or other payments, awards or grants in Cash, securities or otherwise pursuant to compensation arrangements for employees and officers in the ordinary course of business, or the funding of employment arrangements, stock options and stock ownership or other incentive plans for employees and officers in the ordinary course of business and, in each case, approved by a majority of the members of the board of directors (or similar governing body) or a majority of the disinterested members of the board of directors (or similar governing body) of Holdings in good faith;

(f) (i) transactions between or among Holdings, the Borrower or any Loan Party and (ii) transactions between or among Subsidiaries of the Borrower that are not Loan Parties;

(g) transactions between or among Holdings, the Borrower or any Subsidiary or any entity that becomes a Subsidiary as a result of such transaction consisting of (i) the non-exclusive licensing of intellectual property to any Subsidiary that is not a Loan Party; provided that any such license is either on terms and conditions substantially as favorable to the licensor as those that would prevail at such time in comparable arm's length transactions with unrelated third parties or such licensee compensates the licensor on a reasonable basis in consideration for such license, (ii) intercompany transactions, including the (A) provision of management services and other corporate overhead services, (B) provision of personnel to other locations within Holdings' consolidated group on a temporary basis and (C) provision, purchase or lease of services, operational support, assets, equipment, data, information and technology, that, in the case of any such intercompany transaction referred to in this clause (ii), are subject to reasonable reimbursement or cost-sharing arrangements (as determined in good faith by the Borrower), which reimbursement or cost-sharing arrangements may be effected through transfers of cash or other assets or through book-entry credits or debits made on the ledgers of each involved Subsidiary; provided that any such intercompany transaction is either (1) entered into in the ordinary course of business or (2) otherwise entered into pursuant to the reasonable requirements of the business of the Borrower and the Subsidiaries and (iii) ordinary course business transactions (other than transactions of the type described in clause (ii) above) that (A) do not involve the sale, transfer or other Disposition of operations or assets and (B) do not materially and adversely affect the Lender, and

(h) Restricted Payments expressly permitted under Section 6.04 and Investments expressly permitted by Section 6.05.

SECTION 6.09. Amendments or Waivers of Organizational Documents. Holdings shall not, nor shall it permit any of its Subsidiaries to, amend or modify, in each case in a manner that is adverse to the Lender (in its capacity as such) such Person's Organizational Documents without obtaining the prior written consent of the Lender.

SECTION 6.10. Amendments of or Waivers with Respect to Junior Debt. Holdings shall not, nor shall it permit any of its Subsidiaries to, amend or otherwise modify (a) the terms of any Junior Debt (or the documentation governing the foregoing) if the effect of such amendment or modification, together with all other amendments or modifications made, is adverse to the interests of the Lender (in its capacity as such) or (b) the terms of any Junior Debt (or the documentation governing the foregoing) in violation of any Acceptable Intercreditor Agreement governing such Junior Debt.

SECTION 6.11. Permitted Activities of Holdings. Holdings shall not:

(a) directly or indirectly, create, incur, assume or otherwise become or remain liable with respect to any Indebtedness, except (i) the Indebtedness under the Loan Documents, (ii) Guarantees of Indebtedness of the Borrower and its Subsidiaries permitted hereunder, (iii) any Indebtedness (other than Indebtedness for borrowed money (including notes, bonds, debentures and similar instruments)) arising in connection with any Permitted Acquisition or other Investment permitted under this Agreement or any Disposition permitted by this Agreement, (iv) any Indebtedness owing to the Borrower or any Subsidiary to the extent resulting from an Investment permitted by Section 6.05 and (v) any Indebtedness (other than Indebtedness for borrowed money (including notes, bonds, debentures and similar instruments)) of the type permitted by Section 6.01(b), (c), (d), (e) or (f);

(b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired by it other than (i) the Liens created under the Collateral Documents to which it is a party, (ii) Permitted Liens on the Collateral that are secured on a *pari passu* or junior basis with the Obligations, so long as such Permitted Liens secure Guarantees permitted under clause (a)(ii) above and the underlying Indebtedness subject to such Guarantee is permitted to be secured on the same basis pursuant to Section 6.02, provided that any such Liens shall be subject to an Acceptable Intercreditor Agreement, and (iii) Liens of the type permitted under Section 6.02 (other than in respect of Indebtedness for borrowed money); or

(c) consolidate or amalgamate with, or merge with or into, any Person or convey, sell, transfer or otherwise dispose of all or substantially all of its assets to another Person.

ARTICLE 7 EVENTS OF DEFAULT

SECTION 7.01. Events of Default. If any of the following events (each, an "**Event of Default**") shall occur:

(a) Failure To Make Payments When Due. Failure by the Borrower to pay (i) when due any installment of principal of the Loan, whether at stated maturity, by acceleration, by mandatory prepayment, pursuant to Section 2.02~~,~~ or Section 2.03 or ~~Section 2.04 or~~ otherwise or

(ii) any interest on the Loan or any fee or any other amount due hereunder within three Business Days after the date due; or

(b) Default in Other Agreements. (i) Failure of any Loan Party or any of its Subsidiaries to pay when due any principal of or interest on or any other amount payable in respect of any Revolving Facility Indebtedness or one or more items of Indebtedness (other than Indebtedness referred to in clause (a) above) with an aggregate outstanding principal amount exceeding the Threshold Amount, in each case beyond the grace period, if any, provided therefor; or (ii) breach or default by any Loan Party or any of its Subsidiaries with respect to any other term of (A) one or more items of Indebtedness with an aggregate outstanding principal amount exceeding the Threshold Amount, (B) any Revolving Facility Indebtedness or (C) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness exceeding the Threshold Amount, in each case beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become or be declared due and payable (or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; provided that clause (ii) of this clause (b) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property securing such Indebtedness if such sale or transfer is permitted hereunder; provided further that a breach of any financial maintenance covenant under the documentation governing any such Indebtedness will not constitute a Default or Event of Default until the date on which the holders of such Indebtedness have accelerated the loans, elected to otherwise exercise remedies or terminated commitments in respect thereof; or

(c) Breach of Certain Covenants. Failure of the Borrower or any other Loan Party, as required by the relevant provision, to perform or comply with any term or condition contained in Section 2.03, Section ~~2.04, Section~~ 5.02, Section 5.14 (except as provided below), Section 5.16 or Article 6; or

(d) Breach of Representations, Etc. Any representation, warranty or certification made or deemed made by any Loan Party in any Loan Document or in any certificate or document required to be delivered in connection herewith or therewith shall be untrue in any material respect as of the date made or deemed made, and such incorrect representation or warranty (if curable, including by a restatement of any relevant financial statements) shall remain incorrect for a period of 30 days of the occurrence thereof; or

(e) Other Defaults under Loan Documents. Any Loan Party shall default in the performance of or compliance with any term contained herein or any of the other Loan Documents, other than any such term referred to in any other Section of this Article 7, and such default shall not have been remedied or waived within 30 days of the occurrence thereof (except that, with respect to any default as a result of the failure to deliver any document required to delivered to the Lender pursuant to Section 5.14(c) (other than with respect to the deliverables to be provided under such Section 5.14(c) by Holdings and the Borrower) or Section 5.14(g) (other than with respect to the deliverables to be provided under such Section 5.14(g) with respect to the Borrower), such default shall not have been remedied or waived within three Business Days of the Closing Date); or

(f) Involuntary Bankruptcy; Appointment of Receiver, Etc. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of Holdings, the Borrower or any of its Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary) in an involuntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency, corporate or similar law

now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal, provincial, territorial or state law; or (ii) an involuntary case shall be commenced against Holdings, the Borrower or any of its Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary) under the Bankruptcy Code or under any other applicable bankruptcy, insolvency, corporate or similar law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, receiver and manager, liquidator, sequestrator, monitor, trustee, custodian or other officer having similar powers over Holdings, the Borrower or any of its Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary), or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, receiver and manager, trustee or other custodian of Holdings, the Borrower or any of its Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary) for all or a substantial part of its property; and any such event described in this clause (ii) shall continue for 60 consecutive days without having been dismissed, vacated, bonded or discharged; or

(g) Voluntary Bankruptcy; Appointment of Receiver, Etc. (i) Holdings, the Borrower or any of their Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary) shall have an order for relief entered with respect to it or shall commence a voluntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency, corporate or similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, receiver and manager, monitor, trustee, liquidator, custodian or other similar official in respect of it or for all or a substantial part of its property; or (ii) Holdings, the Borrower or any of their Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary) shall make a general assignment for the benefit of creditors; or (iii) Holdings, the Borrower or any of their Subsidiaries (other than any Immaterial Subsidiary or any Subsidiary that could at such time, upon designation by Holdings, become an Immaterial Subsidiary)shall admit in writing its inability to pay its debts as such debts become due; or

(h) Judgments and Attachments. Any one or more final money judgments, writs or warrants of attachment or similar process involving in the aggregate at any time an amount in excess of the Threshold Amount (in either case to the extent not adequately covered by insurance or indemnitees (including, if applicable, self-insurance) as to which a third party insurance company or indemnitor has been notified and not denied coverage) shall be entered or filed against Holdings, the Borrower or any of their Subsidiaries or any of their respective assets and shall remain unpaid, undischarged, unvacated, unbonded or unstayed pending appeal for a period of 60 days or more; or

(i) Employee Benefit Plans. There shall occur one or more ERISA Events, which individually or in the aggregate results in liability of Holdings or any of its Subsidiaries in an aggregate amount which would reasonably be expected to result in a Material Adverse Effect; or

(j) Change of Control. Unless waived in writing by the Lender in its sole discretion, a Change of Control shall occur; or

(k) Guaranties, Collateral Documents and Other Loan Documents. At any time after the execution and delivery thereof, (i) any material Loan Guaranty for any reason, other than the occurrence of the Termination Date, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Loan Guarantor shall repudiate in writing its obligations thereunder (other than as a result of the discharge of such Loan Guarantor in accordance with the terms thereof), (ii) this Agreement or any Collateral Document ceases to be in full force and effect or shall be declared null and void or any significant part of the Liens purported to be created under any Collateral Document ceases to be perfected security interests (other than by reason of (A) a release of Collateral in accordance with the terms hereof or thereof, (B) the occurrence of the Termination Date or any other termination of such Collateral Document in accordance with the terms thereof, (C) as a result of the sale or other disposition of the applicable Collateral to a Person that is not a Loan Party in a transaction permitted under the Loan Documents, (D) to the extent that such losses are covered by a lender's title insurance policy and such insurer has not denied coverage) or (E) solely as a result of acts or omissions by the Lender, (iii) any Loan Party shall contest in writing, the validity or enforceability of any provision of any Loan Document (or any Lien purported to be created by the Collateral Documents or any Loan Guaranty) or deny in writing that it has any further liability (other than by reason of the occurrence of the Termination Date) or (iv) the Obligations shall cease to constitute senior indebtedness under the subordination provisions of any documents or instruments evidencing any permitted Junior Debt or such subordination provision shall be invalidated or otherwise cease, for any reason, to be valid, binding and enforceable obligations of the parties thereto;

then, and in every such event (other than an event with respect to the Borrower described in clause (f) or (g) of this Article), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take any of the following actions, at the same or different times: declare the portion of the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; provided that upon the occurrence of an event with respect to the Borrower described in clause (f) or (g) of this Article, the principal of the portion of the Loan then outstanding, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, in each case without further action of the Lender. Upon the occurrence and during the continuance of an Event of Default, the Lender may exercise any rights and remedies provided to the Lender under the Loan Documents or at law or equity, including all remedies provided under the UCC.

If the Obligations are accelerated for any reason prior to the Call Protection Termination Date, including, without limitation, because of default, sale, transfer or encumbrance (including that by operation of law or otherwise), the Applicable Premium on the Loan will also be due and payable and shall constitute part of the Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of the Lender's lost profits as a result thereof. Any Applicable Premium on the Loan payable above shall be presumed to be the liquidated damages sustained by the Lender as the result of the early termination and the Borrower agrees that it is reasonable under the circumstances currently existing. The Applicable Premium on the Loan shall also be payable in the event the Obligations (and/or this Agreement or any Notes evidencing the Obligations) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE BORROWER EXPRESSLY WAIVES THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW WHICH PROHIBITS OR MAY PROHIBIT THE

COLLECTION OF THE FOREGOING APPLICABLE PREMIUM ON THE LOAN IN CONNECTION WITH ANY SUCH ACCELERATION. The Borrower expressly agrees that: (A) the Applicable Premium on the Loan provided for herein is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the Applicable Premium on the Loan shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between the Lender and Borrower giving specific consideration in this transaction for such agreement to pay the Applicable Premium on the Loan; and (D) the Borrower shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Borrower expressly acknowledges that its agreement to pay the Applicable Premium on the Loan to the Lender as herein described is a material inducement to Lender to extend the Loan and to enter into the Transactions.

ARTICLE 8 MISCELLANEOUS

SECTION 8.01. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to clause (b) below), all notices and other communications provided for herein shall be in writing. Any notice or other communication required to be delivered in writing may be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email (including as a ".pdf" or ".tif" attachment), as follows:

(i) if to any Loan Party, to Holdings and the Borrower at:

Lakehouse Buyer Inc.

c/o Apax Partners US, LLC
601 Lexington Avenue
53rd Floor
New York, NY 10022
Attention: Ashish Karandikar; Nedu Ottih
Telephone: (212) 419-2495
Email: Ashish.Karandikar@apax.com; Nedu.Ottih@apax.com

with copies to (which shall not constitute notice):

Simpson Thacher & Bartlett LLP
425 Lexington Ave.
New York, NY 10017
Attention: Brian Steinhardt
Email: bsteinhardt@stblaw.com

(ii) if to the Lender, at:

American Water Enterprises, LLC
1 Water Street
Camden, NJ 08102
Attention: Jordan Mersky
Telephone: (856) 955-4535
Email: jordan.mersky@amwater.com

With a copy to (in each case, which shall not constitute notice for any purpose hereunder or under any other Loan Document):

Shearman & Sterling LLP
599 Lexington Avenue New York, New York 10022
Attn: Scott Petepiece
Fax: (646) 848-8576
Email: spetepiece@shearman.com

and to

Shearman & Sterling LLP

599 Lexington Avenue New York, New York 10022
Attn: Gus Atiyah
Fax: (646) 848-5227
Email: gus.atiyah@shearman.com

and to

Schulte, Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Attn: Brian C. Miner
Telephone: (212) 756-2010
Email: brian.miner@srz.com

All such notices and other communications (A) sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof or three Business Days after dispatch if sent by certified or registered mail, in each case, delivered, sent or mailed (properly addressed) to such party as provided in this Section 8.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 8.01, (B) sent by facsimile shall be deemed to have been given when sent and when receipt has been confirmed by telephone; provided that received notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, such notices or other communications shall be deemed to have been given at the opening of business on the next Business Day for the recipient) or (C) sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient.

(b) Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communications (including e-mail) pursuant to procedures set forth herein or otherwise approved by the Lender.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) The Lender, its Affiliates and Related Parties shall not be liable to any Person for any damages arising from the use by any Person (other than the Lender or its Affiliates or Related Parties) of information or other materials obtained through electronic, telecommunications or other

information transmission systems, in each case, except to the extent any such damages arise from the gross negligence, bad faith or willful misconduct of, or material breach of the Loan Documents by, the Lender or any of its Affiliates or Related Parties, in each case as determined by a final non-appealable judgment of a court of competent jurisdiction.

SECTION 8.02. Waivers; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by clause (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(b) Except as expressly provided herein or in any Loan Document, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified, except (i) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Lender or (ii) in the case of any other Loan Document (other than any waiver, amendment or modification to effectuate any modification thereto expressly contemplated by the terms of such other Loan Documents), pursuant to an agreement or agreements in writing entered into by the Lender and the Loan Party or Loan Parties that are parties thereto.

SECTION 8.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Lender and its Affiliates (but limited, in the case of legal fees and expenses, to the actual reasonable and documented out-of-pocket fees, disbursements and other charges of one firm of outside counsel to all such Persons taken as a whole and, if reasonably necessary, of one local counsel in any relevant jurisdiction to such Persons, taken as a whole) in connection with the preparation, execution, delivery and administration of any Loan Documents and related documentation (but for the avoidance of doubt, only such expenses that are incurred after the Closing Date), including in connection with any amendments, modifications or waivers of the provisions of any Loan Documents (whether or not the transactions contemplated thereby shall be consummated) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Lender and each of its Affiliates (but limited, in the case of legal fees and expenses, to the actual reasonable and documented out-of-pocket fees, disbursements and other charges of one firm of outside counsel to all such Persons taken as a whole and, if reasonably necessary, of one local counsel in any relevant jurisdiction to such Persons, taken as a whole and, solely in the case of an actual or reasonably perceived conflict of interest and to the extent notice thereof is provided to the Borrower, one additional counsel to all affected Persons taken as a whole and one additional local counsel in each relevant jurisdiction to all affected Persons taken as a whole) in connection with the enforcement, collection or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loan made hereunder. Other than to the extent required to be paid on the Closing Date, all amounts due under this clause (a) shall be payable by the Borrower within 30 days of receipt of an invoice relating thereto, setting forth such

expenses in reasonable detail and together with reasonable backup documentation supporting such reimbursement requests.

(b) The Borrower shall indemnify the Lender and each of its Related Parties, and their respective successors and assigns (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (but limited, in the case of legal fees and expenses, to the actual reasonable and documented out-of-pocket fees, disbursements and other charges of one counsel to all Indemnitees taken as a whole and, solely in the case of an actual or reasonably perceived conflict of interest, one additional counsel to all affected Indemnitees, taken as a whole, and, if reasonably necessary, one local counsel in any relevant jurisdiction to all Indemnitees, taken as a whole and, solely in the case of an actual or reasonably perceived conflict of interest, one additional local counsel to all affected Indemnitees, taken as a whole), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of any action, claim, litigation, investigation or proceeding (including any inquiry or investigation of the foregoing) (any of the foregoing, a "**Proceeding**") relating to (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of any transactions contemplated hereby or thereby (except for any Taxes (which shall be governed by Section 2.06), other than any Taxes that represent losses, claims or damages arising from any non-Tax claim) or (ii) any actual or alleged presence or Release or threat of Release of Hazardous Materials on, at, to or from any Mortgaged Property or other property currently or formerly owned or operated by any Loan Party or any Subsidiary, or any Environmental Liability; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (x) the gross negligence, bad faith or willful misconduct of such Indemnitee or any Affiliate or Related Party of such Indemnitee or (y) a material breach of the obligations of such Indemnitee any Affiliate or Related Party under the terms of this Agreement or any other Loan Document by such Indemnitee or any of its Affiliates or Related Parties as determined in a final and non-appealable decision of a court of competent jurisdiction. Each Indemnitee shall be obligated to refund or return any and all amounts paid by the Borrower pursuant to this Section 8.03(b) to such Indemnitee for any fees, expenses, or damages to the extent such Indemnitee is not entitled to payment of such amounts in accordance with the terms hereof. All amounts due under this clause (b) shall be payable by the Borrower within 30 days (x) after written demand thereof, in the case of any indemnification obligations and (y) in the case of reimbursement of costs and expenses, after receipt of an invoice relating thereto, setting forth such expenses in reasonable detail and together with reasonable backup documentation supporting such reimbursement requests.

SECTION 8.04. Waiver of Claim. Notwithstanding anything to the contrary set forth herein, to the extent permitted by applicable law, no party to this Agreement shall assert, and each hereby waives, any claim against any other party hereto or any Related Party thereof, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Loan or the use of the proceeds thereof, except, in the case of a claim by any Indemnitee against the Borrower or any other Loan Party, to the extent such damages would otherwise be subject to indemnification pursuant to the terms of Section 8.03.

SECTION 8.05. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (a) none of the Borrower, Holdings or any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender, which consent may be given or withheld in the Lender's sole discretion (and any attempted assignment or transfer by the Borrower or Holdings without such consent shall be null and void) and (b) the Lender may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Borrower, which consent may be given or withheld in the Borrower's sole discretion (and any attempted assignment or transfer by the Lender without such consent shall be null and void); provided that, notwithstanding the foregoing, upon the occurrence and during the continuance of a Specified Event of Default, the Lender may assign or transfer its rights or obligations hereunder without the consent of the Borrower to any Person other than any Person that is a Disqualified Lender (for the avoidance of doubt, any assignee or transferee shall be subject to the restrictions on assignment and transfer set forth in this Section 8.05 that are applicable to the Lender in all respects). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors, assigns and participants permitted hereby), any legal or equitable right, remedy or claim under or by reason of this Agreement.

SECTION 8.06. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of the Loan, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect until the Termination Date. The provisions of Sections 2.06, 8.03 and 8.13 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loan, the occurrence of the Termination Date or the termination of this Agreement or any provision hereof but in each case, subject to the limitations set forth in this Agreement.

SECTION 8.07. Counterparts; Integration; Effectiveness. This Agreement may be manually or electronically executed in counterparts (and by different parties hereto on different counterparts (including by facsimile or electronic transmission (including .pdf file, .jpeg file, Adobe Sign, or DocuSign))), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Lender constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower, the other Subsidiaries of Holdings party hereto and the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or by email as a ".pdf" or ".tif" attachment shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.08. Severability. To the extent permitted by law, any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.09. Right of Setoff; Obligations Absolute.

(a) If an Event of Default shall have occurred and be continuing, each of the Lender and its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by the Lender or any Affiliate thereof to or for the credit or the account of the Borrower or any Loan Guarantor against any of and all the Obligations then due and owing held by the Lender or such Affiliate, irrespective of whether or not the Lender or such Affiliate shall have made any demand under the Loan Documents. The Lender or any applicable Affiliate shall promptly notify the Borrower of such set-off or application; provided that any failure to give or any delay in giving such notice shall not affect the validity of any such set-off or application under this Section. The rights of the Lender and each Affiliate under this Section are in addition to other rights and remedies (including other rights of setoff) which the Lender or such Affiliate may have.

(b) Each Loan Party acknowledges and agrees that its obligations under this Agreement and the other Loan Documents are irrevocable and absolute and will not be subject to netting, set-off or reduction against, or be otherwise affected by, any action or alleged claim by any Loan Party or any of its Affiliates pursuant to, or any actual or alleged breach by the Lender or any of its Affiliates of, or any actual or alleged invalidity or other defect of, any of (i) the Purchase Agreement, (ii) any other Purchase Document or (iii) any other agreement or arrangement.

SECTION 8.10. Governing Law; Jurisdiction; Consent to Service of Process.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN THE OTHER LOAN DOCUMENTS), WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK (OR ANY APPELLATE COURT THEREFROM) OVER ANY SUIT, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING SHALL (EXCEPT AS PERMITTED BELOW) BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, FEDERAL COURT. THE PARTIES HERETO AGREE THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY REGISTERED MAIL ADDRESSED TO SUCH PERSON SHALL BE EFFECTIVE SERVICE OF PROCESS AGAINST SUCH PERSON FOR ANY SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT. EACH OF THE PARTIES HERETO AGREES THAT A

FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EACH PARTY HERETO AGREES THAT THE LENDER RETAINS THE RIGHT TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION SOLELY IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY COLLATERAL DOCUMENT.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN CLAUSE (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM OR DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION, SUIT OR PROCEEDING IN ANY SUCH COURT.

(d) TO THE EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL) DIRECTED TO IT AT ITS ADDRESS FOR NOTICES AS PROVIDED FOR IN SECTION 8.01. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY LOAN DOCUMENT THAT SERVICE OF PROCESS WAS INVALID AND INEFFECTIVE. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 8.11. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 8.12. Headings. Article and Section headings and the table of contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.13. Confidentiality.

(a) The Lender agrees to maintain the confidentiality of the Confidential Information (as defined below), except that Confidential Information may be disclosed (i) to its and its

Affiliates' directors (or equivalent managers), officers, employees, independent auditors, or other agents, experts and advisors, including accountants, legal counsel, ratings agencies and other advisors (collectively, the "**Representatives**") on a "need to know" basis solely in connection with the transactions completed hereby and who are informed of the confidential nature of such Confidential Information and are or have been advised of their obligation to keep such Confidential Information of this type confidential; provided that the Lender shall be responsible for its Affiliates' and their Representatives' compliance with this paragraph, (ii) upon the demand or request of any regulatory (including any self-regulatory body) or governmental authority purporting to have jurisdiction over such Person or its Affiliates (in which case such Person shall, except with respect to any audit or examination conducted by bank accountants or any regulatory (including any self-regulatory body) or governmental authority exercising examination or regulatory authority, to the extent practicable and permitted by law, inform the Borrower promptly in advance thereof, (iii) to the extent compelled by legal process in, or reasonably necessary to, the defense of such legal, judicial or administrative proceeding, in any legal, judicial or administrative proceeding or otherwise as required by applicable Requirements of Law, rule or regulation (in which case such Person shall (A) except with respect to any audit or examination conducted by bank accountants or any regulatory (including any self-regulatory body) or governmental authority exercising examination or regulatory authority, to the extent practicable and permitted by law, inform the Borrower promptly in advance thereof and (B) use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment), (iv) in connection with (x) the exercise of any remedy or the enforcement of any right under this Agreement or any other Loan Document in any litigation or arbitration action or proceeding relating thereto, to the extent such disclosure is reasonably necessary in connection with such litigation or arbitration action or proceeding (provided that the Borrower shall be given notice thereof and a reasonable opportunity to seek a protective court order with respect to such Information prior to such disclosure (it being understood that the refusal by a court to grant such a protective order shall not prevent the disclosure of such Information thereafter)) and (y) any foreclosure, sale or other disposition of any Collateral in connection with the exercise of remedies under the Collateral Documents, subject to each potential transferee of such Collateral having entered into customary confidentiality undertakings with respect to such Collateral prior to the disclosure thereof to such Person (which confidentiality obligations will cease to apply to any transferee upon the consummation of its acquisition of such Collateral), (v) subject to an acknowledgment and agreement by such recipient that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to Holdings), to any assignee of or participant in any of its rights or obligations under this Agreement, (vi) with the prior written consent of the Borrower, (vii) in connection with the Lender's (or its applicable Affiliate's) public filings to the extent required by applicable Requirements of Law or determined by the Lender in good faith to be required to comply with Requirements of Law and (viii) to the extent such Confidential Information (A) becomes publicly available other than as a result of a breach of this Section by such Person, its Affiliates or their respective Representatives or (B) becomes available to the Lender on a non-confidential basis other than as a result of a breach of this Section from a source other than a Loan Party that is not to such disclosing Person's knowledge, after reasonable investigation, subject to confidentiality, fiduciary or other legal obligations to Holdings, the Borrower, the Sponsor or any of their respective Affiliates. For the purposes of this Section, "**Confidential Information**" means all information relating to the Loan Parties and/or any of their subsidiaries and their respective businesses, the Sponsor or the Transactions (including any information obtained by the Lender or any of its Affiliates or Representatives, based on a review of the books and records relating to Holdings and/or any of its subsidiaries and their respective Affiliates from time to time, including prior to the date hereof).

SECTION 8.14. No Fiduciary Duty. The Lender and its Affiliates (collectively, solely for purposes of this paragraph, the "**Lenders**"), may have economic interests that conflict with those of the Loan Parties, their stockholders and/or their respective Affiliates. Each Loan Party agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Lender, on the one hand, and any Loan Party, its respective stockholders or its respective Affiliates, on the other. The Loan Parties acknowledge and agree that: (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and each Loan Party, on the other, and (ii) in connection therewith and with the process leading thereto, (x) the Lender has not assumed an advisory or fiduciary responsibility in favor of any Loan Party, its respective stockholders or its respective Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto or any other obligation to any Loan Party except the obligations expressly set forth in the Loan Documents and (y) the Lender is acting solely as principal and not as the agent or fiduciary of such Loan Party, its respective management, stockholders, creditors or any other Person. Each Loan Party acknowledges and agrees that such Loan Party has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Loan Party agrees that it will not claim that the Lender (solely in its capacity as such) owes a fiduciary or similar duty to such Loan Party in connection with such transaction or the process leading thereto.

SECTION 8.15. USA PATRIOT Act. The Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower and each Loan Guarantor, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify the Loan Parties in accordance with the USA PATRIOT Act. This notice is given in accordance with the requirements of the USA PATRIOT Act and is effective as to the Lender.

SECTION 8.16. Conflicts. Notwithstanding anything to the contrary contained herein, (a) in the event of any conflict or inconsistency between this Agreement and any other Loan Document, the terms of this Agreement shall govern and control and (b) in the event of any conflict or inconsistency between any then in effect Acceptable Intercreditor Agreement and any Loan Document, the terms of such Acceptable Intercreditor Agreement (except as otherwise expressly set forth therein with respect to any other Acceptable Intercreditor Agreement) shall govern and control.

ARTICLE 9 LOAN GUARANTY

SECTION 9.01. Guaranty. Each Loan Guarantor hereby agrees that it is jointly and severally liable for, and, as primary obligor and not merely as surety, and absolutely and unconditionally and irrevocably guarantees to the Lender the full and prompt payment upon the failure of the Borrower to do so, when and as the same shall become due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Obligations; provided that it is understood and agreed that each Loan Guarantor also guarantees the Obligations of each other Loan Guarantor (all of the Obligations set forth in this sentence are collectively referred to as the "**Guaranteed Obligations**"). Each Loan Guarantor further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. If any or all of the Guaranteed Obligations becomes due and payable hereunder, each Loan Guarantor, unconditionally and

irrevocably, promises to pay such Guaranteed Obligations to the Lender, on demand, together with any and all expenses which may be incurred by the Lender in collecting any of the Guaranteed Obligations, to the extent reimbursable in accordance with Section 8.03. Each Loan Guarantor unconditionally and irrevocably guarantees the payment of any and all of the Guaranteed Obligations to the Lender whether or not due or payable by the Borrower upon the occurrence of any Event of Default specified in Sections 7.01(f) or 7.01(g), and in such event, irrevocably and unconditionally promises to pay such indebtedness to the Lender, on demand, in Dollars.

SECTION 9.02. Guaranty of Payment. This Loan Guaranty is a guaranty of payment and not of collection. Each Loan Guarantor waives any right to require the Lender to sue the Borrower, any other Loan Guarantor, any other guarantor, or any other Person obligated for all or any part of the Guaranteed Obligations (each, an "**Obligated Party**"), or otherwise to enforce its rights in respect of any Collateral securing all or any part of the Guaranteed Obligations. The Lender may immediately enforce this Loan Guaranty upon the occurrence and during the continuance of an Event of Default.

SECTION 9.03. No Discharge or Diminishment of Loan Guaranty.

(a) Except as otherwise provided for herein, the obligations of each Loan Guarantor hereunder are unconditional, irrevocable and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than as expressly set forth in Section 9.12), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of the Borrower or any other guarantor of or other Person liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party, or their assets or any resulting release or discharge of any obligation of any Obligated Party; (iv) the existence of any claim, setoff or other rights which any Loan Guarantor may have at any time against any Obligated Party, the Lender or any other Person, whether in connection herewith or in any unrelated transactions; (v) any direction as to application of payments by the Borrower or by any other party; (vi) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations; (vii) any payment on or in reduction of any such other guaranty or undertaking; (viii) any dissolution, termination or increase, decrease or change in personnel by the Borrower or (ix) any payment made to the Lender on the Guaranteed Obligations which the Lender repays to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Loan Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

(b) Except for termination of a Loan Guarantor's obligations hereunder or as expressly permitted by Section 9.12, the obligations of each Loan Guarantor hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of any Loan Guarantor hereunder are not discharged or impaired or otherwise affected by: (i) the failure of the Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection, or invalidity of any indirect or direct security for the obligations of the Borrower for all or any part of the Guaranteed Obligations or any obligations of

any other guarantor of or other Person liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Lender with respect to any Collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Loan Guarantor or that would otherwise operate as a discharge of any Loan Guarantor as a matter of law or equity (other than as set forth in Section 9.12).

SECTION 9.04. Defenses Waived. To the fullest extent permitted by applicable Requirements of Law, and except for termination of a Loan Guarantor's obligations hereunder or as expressly permitted by Section 9.12, each Loan Guarantor hereby waives any defense based on or arising out of any defense of the Borrower or any other Loan Guarantor or arising out of the disability of the Borrower or any other Loan Guarantor or any other party or the unenforceability of all or any part of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower or any other Loan Guarantor. Without limiting the generality of the foregoing, each Loan Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by Requirements of Law, any notice not provided for herein, including notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Loan Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations, as well as any requirement that at any time any action be taken by any Person against any Obligated Party, or any other Person, including any right (except as shall be required by applicable statute and cannot be waived) to require the Lender to (i) proceed against the Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other Loan Guarantor or any other party or (iii) pursue any other remedy in the Lender's power whatsoever. The Lender may, at its election, foreclose on any Collateral held by it by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent permitted by applicable Requirements of Law), accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act with respect to any Collateral securing all or a part of the Guaranteed Obligations, and the Lender may, at its election, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, or any security, without affecting or impairing in any way the liability of such Loan Guarantor under this Loan Guaranty except as otherwise provided in Section 9.12. To the fullest extent permitted by applicable Requirements of Law, each Loan Guarantor waives any defense arising out of any such election even though that election may operate, pursuant to applicable Requirements of Law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Loan Guarantor against any Obligated Party or any security.

SECTION 9.05. Authorization. The Loan Guarantors authorize the Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder (except as set forth in Section 9.12), from time to time to:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the principal amount thereof or the rate of interest or fees thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and this Loan Guaranty shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(c) exercise or refrain from exercising any rights against any of the Borrower, any other Loan Party or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, the Borrower, other Loan Parties or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to their creditors other than the Lender;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Lender regardless of what liability or liabilities of the Borrower remains unpaid;

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement, any other Loan Document or any of the instruments or agreements referred to herein or therein, or otherwise amend, modify or supplement this Agreement, any other Loan Document, or any of such other instruments or agreements; and/or

(h) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of the Loan Guarantors from their respective liabilities under this Loan Guaranty.

SECTION 9.06. Rights of Subrogation. No Loan Guarantor will assert any right, claim or cause of action, including a claim of subrogation, contribution or indemnification that it has against any Loan Party in respect of this Loan Guaranty until the occurrence of the Termination Date.

SECTION 9.07. Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Guaranteed Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise, each Loan Guarantor's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the other Loan Guarantors forthwith on demand by the Lender.

SECTION 9.08. Information. Each Loan Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each Loan Guarantor assumes and incurs under this Loan Guaranty, and agrees that the Lender shall not have any duty to advise any Loan Guarantor of information known to it regarding those circumstances or risks.

SECTION 9.09. Maximum Liability. It is the desire and intent of the Loan Guarantors and the Lender that this Loan Guaranty shall be enforced against the Loan Guarantors to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. The provisions of this Loan Guaranty are severable, and in any action or proceeding involving any state or provincial or territorial corporate law, or any state, province, territory, Federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Loan Guarantor under this Loan Guaranty would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of such Loan Guarantor's liability under this Loan Guaranty, then, notwithstanding any other provision of this Loan Guaranty to the contrary, the amount of such liability shall, without any further action by the Loan Guarantors or the Lender, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding (such highest amount determined hereunder being the relevant Loan Guarantor's "**Maximum Liability**"). Each Loan Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the Maximum Liability of each Loan Guarantor without impairing this Loan Guaranty or affecting the rights and remedies of the Lender hereunder; provided that nothing in this sentence shall be construed to increase any Loan Guarantor's obligations hereunder beyond its Maximum Liability. Notwithstanding anything to the contrary herein, American Water Resources of Florida, LLC, a Delaware limited liability company, and Pivotal Home Solutions, LLC, a Delaware limited liability company, shall at all times comply with applicable minimum net asset requirements pursuant to Chapter 634, Florida Statutes, and such assets required to satisfy applicable minimum net asset requirements shall be regarded in the same manner as Excluded Assets and may in no event be applied towards the satisfaction of American Water Resources of Florida LLC's and Pivotal Home Solutions LLC's obligations hereunder.

SECTION 9.10. Contribution. In the event any Loan Guarantor (a "**Paying Guarantor**") shall make any payment or payments under this Loan Guaranty or shall suffer any loss as a result of any realization upon any Collateral granted by it to secure its obligations under this Loan Guaranty, each other Loan Guarantor (each a "**Non-Paying Guarantor**") shall contribute to such Paying Guarantor an amount equal to such Non-Paying Guarantor's "Guarantor Percentage" of such payment or payments made, or losses suffered, by such Paying Guarantor. For purposes of this Article 9, each Non-Paying Guarantor's "**Guarantor Percentage**" with respect to any such payment or loss by a Paying Guarantor shall be determined as of the date on which such payment or loss was made by reference to the ratio of (a) such Non- Paying Guarantor's Maximum Liability as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder) or, if such Non-Paying Guarantor's Maximum Liability has not been determined, the aggregate amount of all monies received by such Non-Paying Guarantor from the Borrower after the Closing Date (whether by loan, capital infusion or by other means) to (b) the aggregate Maximum Liability of all Loan Guarantors hereunder (including such Paying Guarantor) as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder), or to the extent that a Maximum Liability has not been determined for any Loan Guarantor, the aggregate amount of all monies received by such Loan Guarantors from the Borrower after the Closing Date (whether by loan, capital infusion or by other means). Nothing in this provision shall affect any Loan Guarantor's several liability for the entire amount of the Guaranteed Obligations (up to such Loan Guarantor's Maximum Liability). Each of the Loan Guarantors covenants and agrees that its right to receive any contribution under this Loan Guaranty from a Non-Paying Guarantor shall be subordinate and junior in right of payment to the Obligations until the Termination Date. This provision is for the benefit of the Lender and may be enforced by the Lender in accordance with the terms hereof.

SECTION 9.11. Liability Cumulative. The liability of each Loan Guarantor under this Article 9 is in addition to and shall be cumulative with all liabilities of such Loan Guarantor to the Lender under this Agreement and the other Loan Documents to which such Loan Guarantor is a party or in respect of any obligations or liabilities of the other Loan Guarantors, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

SECTION 9.12. Release of Loan Guarantors. Upon the consummation of any transaction or related series of transactions expressly permitted hereunder (as certified in writing by the Borrower to the Lender at least two Business Days prior to the consummation of such transactions) if as a result thereof such Subsidiary Guarantor shall cease to be a Subsidiary (or becomes an Excluded Subsidiary), the applicable Subsidiary Guarantor shall be automatically released from its obligations hereunder and its Loan Guaranty (provided that no Subsidiary Guarantor which becomes an Excluded Subsidiary solely as a result of ceasing to be a Wholly-Owned Subsidiary after the Closing Date, shall be released from its obligations hereunder and its Loan Guaranty if there is no bona fide business purpose for the transaction pursuant to which such Subsidiary Guarantor becomes an Excluded Subsidiary which would result in such release. In connection with any such release, the Lender shall promptly execute and deliver to any Loan Guarantor, at such Loan Guarantor's expense, all documents that such Loan Guarantor shall reasonably request to evidence termination or release. Any execution and delivery of documents pursuant to the preceding sentence of this Section 9.12 shall be without recourse to or warranty by the Lender (other than as to the Lender's authority to execute and deliver such documents).

[Signature pages follow]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 7, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Missouri Public Service Commission ("MoPSC") Approval of Settlement in Missouri-American Water Company, Inc. ("Missouri American Water") General Rate Case

On May 7, 2025, the MoPSC issued an order (the "Order") approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024 by Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The Order approves a $63.1 million annualized increase in water and wastewater revenues as compared to Missouri American Water's most recently revised request of $107.4 million. The annualized increase excludes $63.3 million in infrastructure surcharge mechanism revenues currently being collected by Missouri American Water. Missouri American Water's most recently revised request included an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63.3 million, and, in turn, decreased the amount of incremental annualized revenue requested (excluding such surcharges) to $107.4 million.

The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed and planned by Missouri American Water from January 2023 through May 2025. For purposes of the general rate case, Missouri American Water's view of its rate base is $3.2 billion, and its view as to its return on equity ("ROE") and common equity ratio (each of which has been determined based on the Order but was not disclosed therein) is 9.75% and 50.0%, respectively, which is the same ROE and common equity ratio as determined by Missouri American Water based on Missouri American Water's view of its 2023 general rate case.

A copy of the press release issued by Missouri American Water on May 7, 2025 to announce the issuance of the Order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated May 7, 2025, issued by Missouri American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 7, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

MISSOURI AMERICAN WATER

Missouri American Water Rate Order Settlement Approved by Missouri Public Service Commission

Increase Driven by $1.1 Billion in Infrastructure Investments

ST. LOUIS, Mo. (May 7, 2025) – The Missouri Public Service Commission (MoPSC) today approved a settlement for new water and wastewater rates for Missouri American Water.

The company's rate request was filed on July 1, 2024, and was primarily driven by $1.1 billion in infrastructure investment in plant and distribution system upgrades made since its last rate filing.

"We are committed to making investments in our water and wastewater systems to maintain safe, clean, reliable and affordable service to the approximately 1.6 million people in the communities we serve," said Rich Svindland, President, Missouri American Water. "This settlement allows for these continued investments while remaining focused on customer affordability."

The approved rates represent a total annualized revenue increase of $63 million. New rates are expected to be effective by May 31, 2025.

Missouri American Water offers customers bill payment assistance programs including a payment installment plan and budget billing options available on the customer MyWater portal at missouriamwater.com. Income-eligible customers may also apply for assistance through the company's Help to Others (H_2O) Program. More information on bill payment assistance can be found on the company's website here.

Customers will receive information about the new rates on their Missouri American Water bill. Information will also be available on the company's website here under Customer Service Billing, our Water and Wastewater Rates.

American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Missouri American Water
Missouri American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.6 million people. For more, visit missouriamwater.com and follow Missouri American Water on X, Facebook, Instagram, YouTube and LinkedIn.

Press Release

MISSOURI AMERICAN WATER

AWK-IR

Media Contact:
Christie Barnhart
Senior Manager, External Communications
Cell: 417-529-9781
Christie.barnhart@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 5, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the Public Service Commission of West Virginia (the "WVPSC") by West Virginia-American Water Company ("West Virginia American Water")

On May 5, 2025, West Virginia American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed a request with the WVPSC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of $47.8 million, excluding infrastructure surcharges of $12.7 million, which would include two step increases, with $32.6 million to be included in rates in March 2026, and $15.2 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by West Virginia American Water from March 2024 through February 2027. The request is subject to approval by the WVPSC, and the general rate case is expected to be completed by the end of February 2026.

A copy of the press release issued by West Virginia American Water on May 5, 2025, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the WVPSC of West Virginia American Water's request for new water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the WVPSC, related to this request; (3) the timing of any implementation of new rates by West Virginia American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or West Virginia American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by West Virginia American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or West Virginia American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or West Virginia American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated May 5, 2025, issued by West Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 5, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

WEST VIRGINIA AMERICAN WATER

West Virginia American Water Files Rate Request Driven by More Than $300 Million of Investment

Request reinforces company's commitment to providing safe, clean, and reliable service

Charleston, W.Va. (May 5, 2025) – West Virginia American Water filed a request today with the Public Service Commission of West Virginia (PSC) for new rates, reflecting more than $300 million of water and wastewater system investments since the company's last rate request. The request reinforces the company's commitment to replacing aging infrastructure and continuing to provide safe and reliable service in compliance with environmental regulations for the benefit of customers.

"Our commitment to long-term investments in our water and wastewater systems helps ensure we deliver high-quality service across the Mountain State," said Scott Wyman, President of West Virginia American Water. "These ongoing investments are vital for providing safe, clean, and reliable service to the communities we serve. They demonstrate our dedication to the public health and safety of those communities."

West Virginia American Water is proposing to implement new rates in two steps to promote customer affordability. If approved, the first step would go into effect March 1, 2026. The second step, establishing final rates, would become effective March 1, 2027.

If the company's proposed rates are approved as filed with the PSC, the water bill for the average residential customer using 3,000 gallons per month would increase approximately $11 per month during the first step and approximately $5 per month in the second step. These new rates include the current Distribution System Improvement Charge (DSIC) already included on customer bills. The wastewater bill for the average residential customer using 3,000 gallons would increase approximately $8 per month during the first step and approximately $5 per month in the second step after factoring in the current Wastewater System Improvement Charge (WSIC) already included on customer bills.

The company is also proposing a Universal Affordability Discount Tariff that seeks to assist residential customers who meet income qualifications. The four-tiered proposal would tailor rates to various levels of household income. Under this proposed tariff, eligible households would receive monthly bill discounts of between 15 and 60 percent for water and wastewater service. The current Department of Health and Human Resources 20 percent discount program,

Press Release

WEST VIRGINIA AMERICAN WATER

the company's H2O Help to Others Program™, and other bill assistance and payment arrangements will continue along with the proposed Universal Affordability Discount Tariff and the new, two-step rate adjustment.

The PSC's 300-day statutory rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public hearings, and consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to learn how customers may participate in this process, visit westvirginiaamwater.com and select "Your Water and Wastewater Rates" under the Customer Service menu.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About West Virginia American Water
West Virginia American Water, a subsidiary of American Water (NYSE: AWK), is the largest regulated water utility in the state, providing safe, clean and reliable water and wastewater services to approximately 583,000 people.

AWK-IR

Media Contact
Olivia Bailey
External Affairs Manager
Olivia.Bailey@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 30, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On April 30, 2025, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2025. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated April 30, 2025, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: April 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

April 30, 2025

Investor Contact:
Aaron Musgrave
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856-955-4029
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AMERICAN WATER REPORTS FIRST QUARTER 2025 RESULTS ON TRACK

AFFIRMS 2025 EPS GUIDANCE AND LONG-TERM TARGETS

- **First quarter 2025 earnings were $1.05 per share, compared to $0.95 per share in 2024**
- **2025 earnings per share guidance range of $5.65 to $5.75 affirmed**
- **Announced quarterly cash dividend of $0.8275 per share of common stock, payable in June, an increase of 8.2%**
- **Successfully issued in February $800 million of 5.250% senior notes due 2035**

CAMDEN, N.J., April 30, 2025 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended March 31, 2025, of $1.05 per share, compared to $0.95 per share for the same quarter in 2024.

“The company has delivered solid first quarter results and we are affirming our long-term targets for both earnings and dividend growth at 7 to 9 percent based upon our clear capital growth plan, and strong regulatory and operational execution, which are all key to delivering safe, clean, reliable and affordable services to our customers,” said John Griffith, President of American Water.

“As we look ahead, I’m confident our company has the right strategies to continue to deliver the services our customers depend on and investors value,” added Griffith. “I’m excited to have a team surrounding me that has tremendous experience delivering on our high standards for financial and operational success.”

2025 EPS Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2025 earnings per share guidance range of $5.65 to $5.75, which includes approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of HOS. The company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”).

Consolidated Results

For the three months ended March 31, 2025, earnings per share were $1.05 compared to $0.95 per share in the same period in 2024. Results include increased revenues from implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three months ended March 31, 2025 and 2024, include incremental interest income of $0.03 and $0.02 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to meet its capital investment plan for the year with investments of $518 million in the first three months of 2025. The company plans to invest a total of approximately $3.3 billion across its footprint in 2025.

Regulated Businesses

In the first quarter of 2025, the Regulated Businesses' net income was $201 million, compared to $185 million for the same period in 2024.

Operating revenues increased $121 million for the three months ended March 31, 2025, as compared to the same period in 2024. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2025, the company has been authorized additional annualized revenues of $161 million, with $138 million from general rate cases and $23 million from infrastructure surcharges. The company has general rate cases in progress in three jurisdictions and has filed for an infrastructure surcharge in one jurisdiction, reflecting a total annualized revenue request of $100 million.

Operating expenses were higher by $78 million for the three months ended March 31, 2025, as compared to the same period in 2024. Operating expenses were higher primarily due to an increase in employee related costs, as well as general taxes associated with increased capital investment and other operation and maintenance costs related to acquisitions closed in 2024. Operating expenses also include depreciation expense, which was higher by $29 million in the same period, due to the increase in capital investment.

Interest expense was higher by $17 million for the three months ended March 31, 2025, as compared to the same period in 2024, as a result of incremental short and long-term debt primarily to fund capital investments.

Long-Term Debt Offering

On February 27, 2025, the company completed an offering of $800 million aggregate principal amount of 5.250% senior notes due 2035. The proceeds from the offering were used (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

Dividends

On March 4, 2025, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of February 7, 2025.

On April 30, 2025, the company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on June 3, 2025, to shareholders of record as of May 13, 2025.

2025 First Quarter Earnings Conference Call

The conference call to discuss first quarter 2025 earnings, 2025 earnings guidance, and long-term targets will take place on Thursday, May 1, 2025, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK), a large capitalization value company, is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and diluted earnings per share.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2025 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2024, 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 or changes 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, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from 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 required regulatory 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; risks and uncertainties following the completion of the sale of the company's former HOS business, including: the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due; and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, 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; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and 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 press release. American Water does not have any obligation, and 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.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185
Basic earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Diluted earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 35,466	$ 35,059
Accumulated depreciation	(7,089)	(7,021)
Property, plant and equipment, net	28,377	28,038
Current assets:		
Cash and cash equivalents	114	96
Restricted funds	18	29
Accounts receivable, net of allowance for uncollectible accounts of $57 and $53, respectively	380	416
Income tax receivable	23	25
Unbilled revenues	332	315
Materials and supplies	107	103
Other	220	231
Total current assets	1,194	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,162	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,144	1,144
Other	397	399
Total regulatory and other long-term assets	3,585	3,577
Total assets	$ 33,156	$ 32,830

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,512,663 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,611	8,598
Retained earnings	2,317	2,112
Accumulated other comprehensive income	2	12
Treasury stock, at cost (5,501,396 and 5,451,216 shares, respectively)	(398)	(392)
Total common shareholders' equity	10,534	10,332
Long-term debt	13,318	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,321	12,521
Total capitalization	23,855	22,853
Current liabilities:		
Short-term debt	999	879
Current portion of long-term debt	114	637
Accounts payable	240	346
Accrued liabilities	539	791
Accrued taxes	228	156
Accrued interest	131	111
Other	196	230
Total current liabilities	2,447	3,150
Regulatory and other long-term liabilities:		
Advances for construction	396	383
Deferred income taxes and investment tax credits	2,936	2,881
Regulatory liabilities	1,400	1,416
Operating lease liabilities	75	76
Accrued pension expense	212	217
Other	252	277
Total regulatory and other long-term liabilities	5,271	5,250
Contributions in aid of construction	1,583	1,577
Commitments and contingencies		
Total capitalization and liabilities	$ 33,156	$ 32,830

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 24, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(b) On March 24, 2025, Karl F. Kurz, the Company's Board Chair, was notified by Kimberly J. Harris of her decision to resign as a member of the Board of Directors (the "Board") of American Water Works Company, Inc. (the "Company"), effective immediately. Ms. Harris's resignation was for personal reasons to focus on her health and recovery from a recent medical issue and was not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Ms. Harris had been a member of the Board since 2019 and served as Chair of its Nominating/Corporate Governance Committee (the "Nominating Committee") since 2021. At the effective date of her resignation, Ms. Harris also had served as a member of the Board's Executive Development and Compensation Committee and its Safety, Environmental, Technology and Operations Committee. The Board intends to fill the vacancy in the Nominating Committee Chair role in due course. The Company wishes Ms. Harris a complete and speedy recovery and sincerely thanks her for her many years of faithful service to the Board.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 25, 2025

By: /s/ STACY A. MITCHELL
Stacy A. Mitchell
Executive Vice President and General Counsel

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 17, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

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☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Stipulation and Agreement with respect to Missouri-American Water Company ("Missouri American Water") General Rate Case

On March 17, 2025, Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), entered into a stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024 with the Missouri Public Service Commission (the "MoPSC"). In the Stipulation, the parties, which included the staff of the MoPSC and the Office of the Public Counsel, have agreed to an annualized increase of approximately $63.1 million in Missouri American Water's water and wastewater revenues, as compared to its most recently revised request of $107.4 million. The annualized increase excludes approximately $63.3 million in infrastructure surcharge mechanism revenues currently being collected by Missouri American Water. Missouri American Water had previously filed a request, as revised, seeking approximately $123.2 million of additional annualized revenues, excluding such infrastructure surcharge mechanism revenues. Subsequent to that revised request, Missouri American Water filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63.3 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such surcharges) to $107.4 million. The Stipulation, which was filed on March 17, 2025, is subject to review and approval by the MoPSC, and, if approved, new rates are expected to be effective by May 31, 2025.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's and Missouri American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the approval of the Stipulation by the MoPSC, and the terms and conditions thereof, including the total annualized increase in water and wastewater revenues; (2) the timing of the implementation of new rates; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Missouri American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Missouri American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Missouri American Water's business, 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 17, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 24, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

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☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events

Closing of Senior Notes Offering

On February 24, 2025, American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. ("American Water"), agreed to sell $800 million aggregate principal amount of its 5.250% Senior Notes due 2035 (the "Notes") pursuant to an Underwriting Agreement, dated February 24, 2025, among AWCC, American Water, and BofA Securities, Inc., PNC Capital Markets LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein. The Notes have the benefit of a support agreement, dated June 22, 2000 and amended as of July 26, 2000, from American Water (the "Support Agreement").

The Notes and the obligations of American Water represented by the Support Agreement were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File Nos. 333-277166-01 and 333-277166). At the closing of this offering on February 27, 2025, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $791.7 million. AWCC intends to use the net proceeds of the offering (1) to lend funds to American Water and its subsidiaries in its Regulated Businesses segment (which is comprised of utilities that provide water and wastewater services and are generally subject to regulation by state utility commissions or other entities engaged in utility regulation); (2) to repay at maturity $525.0 million aggregate principal amount of AWCC's 3.400% Senior Notes, which are due March 1, 2025; (3) to repay commercial paper obligations of AWCC; and (4) for general corporate purposes.

The Notes were issued pursuant to the Indenture, dated as of December 4, 2009, by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, as supplemented by an officers' certificate establishing the terms of the Notes.

This Current Report on Form 8-K is being filed to report the closing of the offering summarized above and to include, as exhibits, certain documents executed in connection with the sale of the Notes.

Approval of Settlement in Virginia-American Water Company ("Virginia American Water") General Rate Case

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order (the "Order") approving the September 19, 2024 joint "black box" settlement of the general rate case filed by Virginia American Water, a wholly owned subsidiary of American Water. The Order approves the stipulated $14.6 million annualized increase in water and wastewater revenues. The original filing, made on November 1, 2023, requested a $19.7 million increase in annualized water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, Virginia American Water's view of its rate base is $369 million, compared to $275 million in its 2023 rate case. The Order also approved, solely for purposes of Virginia American Water's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity ("ROE") of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents Virginia American Water's view of its ROE and capital structure in this general rate case. The ROE approved in Virginia American Water's 2023 rate case order was 9.70%, the approved equity component was 40.73% and the approved debt and other component was 59.27%.

A copy of the press release issued by Virginia American Water on February 27, 2025 to announce the issuance of the SCC's order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated February 24, 2025, by and among AWCC, American Water, BofA Securities, Inc., PNC Capital Markets LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein.
4.1*	Officers' Certificate of AWCC, dated February 27, 2025, establishing the terms of the Notes.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
99.1*	Press Release, dated February 27, 2025, issued by Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 27, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

$800,000,000 5.250% Senior Notes due 2035

Support Agreement from American Water Works Company, Inc.

Underwriting Agreement

February 24, 2025

BofA Securities, Inc.
PNC Capital Markets LLC
RBC Capital Markets, LLC
As representatives of the several Underwriters
named in Schedule I hereto
c/o BofA Securities, Inc.
One Bryant Park
New York, NY 10036
c/o PNC Capital Markets LLC
300 Fifth Avenue, 10th Floor
Pittsburgh, PA 15222
c/o RBC Capital Markets, LLC
Brookfield Place
200 Vesey St, 8th Floor
New York, NY 10281

Ladies and Gentlemen:

1. American Water Capital Corp., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the underwriters named in Schedule I hereto (the "**Underwriters**"), for whom you (the "**Representatives**") are acting as representatives, an aggregate of $800,000,000 principal amount of the Company's 5.250% Senior Notes due 2035 (the "**Securities**").

2. The Company previously entered into a support agreement with American Water Works Company, Inc., a Delaware corporation (the "**Parent**"), dated June 22, 2000 and amended as of July 26, 2000 (as such agreement may be hereinafter amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, the "**Support Agreement**"). Pursuant to the Support Agreement, the Parent has agreed, among other things, to provide funds to the Company if it is unable to make timely payment of principal of and premium, if any, and interest on Debt (as defined in the Support Agreement) issued by the Company.

3. The Company and the Parent, jointly and severally, represent and warrant to, and agree with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File Nos. 333-277166 and 333-277166-01) in respect of the Securities has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Parent's or the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Parent or the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 3(c) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 7(a) hereof is hereinafter called the "**Prospectus**"; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case

may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"), and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives expressly for use therein (the "**Underwriter Information**");

(c) For the purposes of this Agreement, the "**Applicable Time**" is 3:05 p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the final term sheet prepared and filed pursuant to Section 7(a) hereof, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the representations and warranties in this clause (c) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material

fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(f) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(g) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Parent, the Company and the Parent's other subsidiaries, taken as a whole (a "**Material Adverse Effect**"); and (B) no labor dispute with the employees of the Parent, the Company or any of the Parent's other subsidiaries exists or, to the knowledge of the Company or the Parent, is imminent, which could reasonably

be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs or management, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(h) The Parent, the Company and each of the Parent's other subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Parent, the Company and each of the Parent's other subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Parent, the Company and each of the Parent's other subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Parent, the Company and each of the Parent's other subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(i) Each of the Parent and the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Parent listed on Schedule IV hereto (each a "**Significant Subsidiary**") has been duly incorporated or organized and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation or organization, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(j) All of the issued shares of capital stock of the Parent and the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock or other ownership interests of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Parent, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(k) This Agreement has been duly authorized, executed and delivered by each of the Company and the Parent; the Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture, dated as of December 4, 2009 (the "**Indenture**"), between the Company and Computershare Trust Company, N.A., as successor trustee (the "**Trustee**"), under which they are to be issued; the Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Support Agreement has been duly authorized, executed and delivered by the Parent and the Company and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities, the Indenture and the Support Agreement will conform to the descriptions thereof in the Pricing Prospectus and the Prospectus and will be in substantially the form previously delivered to you;

(l) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(m) The issue and sale of the Securities and the compliance by the Parent and the Company with all of the provisions of the Securities, the Indenture, the Support Agreement and this Agreement and the consummation of the transactions herein and therein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Parent, the Company or any of the Parent's other subsidiaries is a party or by which the Parent, the Company or any of the Parent's other subsidiaries is bound or to which any of the property

or assets of the Parent, the Company or any of the Parent's other subsidiaries is subject, and (ii) will not result in any violations of (A) the provisions of the Certificate of Incorporation or the By-laws, as amended, of the Company or the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Parent or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Parent, the Company or any of the Parent's other subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Parent or the Company of the transactions contemplated by this Agreement, the Indenture, or the Support Agreement, except (i) the registration under the Act of the Securities, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement;

(n) None of the Parent, the Company or any of the Parent's other subsidiaries is (A) in violation of the Certificate of Incorporation or the By-laws, as amended, in the case of the Company, or the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Parent, or similar organizational documents, in the case of the Parent's other subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Parent other than the Company and the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(o) The statements set forth in the Pricing Prospectus and Prospectus under the captions "Description of the Notes" and "Description of AWCC Debt Securities and American Water Support Agreement", insofar as they purport to constitute a summary of the terms of the Securities, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(p) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Parent, the Company or any of the Parent's other subsidiaries is a party or of which any property of the Parent, the Company or any of the Parent's other subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's and the Parent's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(q) Neither the Parent nor the Company is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof will be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended;

(r) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Parent or the Company or any person acting on the Parent's or the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Parent and the Company were each a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Parent or the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, neither the Parent nor the Company was an "ineligible issuer" as defined in Rule 405 under the Act;

(s) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Parent and its subsidiaries, is an independent registered public accounting firm with respect to the Parent and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(t) Except as disclosed in the Pricing Prospectus, the Parent maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Parent's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Parent's internal control over financial reporting is effective and the Parent is not aware of any material weaknesses in its internal control over financial reporting;

(u) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Parent's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Parent's internal control over financial reporting;

(v) The Parent maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Parent, the Company and each of the Parent's other subsidiaries is made known to the Parent's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(w) The Parent, the Company and each of the Parent's other subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Parent, the Company and each of the Parent's other subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(x) To the Parent's and the Company's knowledge, the Parent, the Company and each of the Parent's other subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their businesses as now conducted, except where the failure to own, possess or have the right would not, individually or in the aggregate, have a Material Adverse Effect. None of the Parent, the Company or any of the Parent's other subsidiaries has received any notice of infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the

ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Parent's and the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Parent, the Company and each of the Parent's other subsidiaries does not infringe on the rights of any person;

(y) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Parent's, the Company's or the Parent's other subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Parent and the Company have not been notified of, and have no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Parent, the Company and the Parent's other subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Parent and the Company have implemented and maintain security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Parent and the Company have implemented backup and disaster recovery technology consistent with industry standards and practices;

(z) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Parent, the Company or any of the Parent's other subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real property which, to the Parent's or the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Parent's or the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Parent and the Company are not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(aa) The Parent, the Company and each of the Parent's other subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Parent, the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Parent, the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(bb) Neither the Parent nor the Company has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities;

(cc) The Parent is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Parent as of the date hereof;

(dd) The Parent, the Company and each of the Parent's other subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Parent, the Company or any of the Parent's other subsidiaries is contesting in good faith and for which the Parent, the Company or any of the Parent's other subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Parent, the Company and each of the Parent's other subsidiaries through the fiscal year ended December 31, 2020 have been closed by statute and no assessment in connection therewith has been made against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(ee) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(ff) The operations of the Company, the Parent and each of the Parent's other subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, the Parent, or any of the Parent's other subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(gg) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is: (A) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (B) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, the non-government controlled areas of Kherson and Zaporizhzhia, Iran, North Korea and Syria), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Parent or the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Parent or the Company, as the case may be, as to matters covered thereby, to each Underwriter.

4. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of 98.965% of the principal amount thereof, including accrued interest, if any, from February 27, 2025 to the Time of Delivery (as defined in Section 6(a)), the principal amount of the Securities set forth opposite the name of such Underwriter in Schedule I hereto.

5. Upon the authorization by the Company of the release of the Securities, the several Underwriters propose to offer the Securities for sale upon the terms and conditions set forth in the Prospectus.

6. (a) The Securities to be purchased by each Underwriter hereunder will be represented by one or more definitive global securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust Company ("**DTC**") or its designated custodian. The Company will deliver the Securities to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Securities to the account of the Representatives at DTC. The Company will cause the form of the certificates representing the Securities to be made available to the Representatives for checking at least twenty-four hours prior to the Time of Delivery hereunder at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"). The time and date of such delivery and payment shall be 9:30 a.m., Eastern time, on February 27, 2025 or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date is herein called the "**Time of Delivery**".

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 10 hereof, including the cross receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 10 hereof, will be delivered at the Closing Location, and the Securities will be delivered through the facilities of DTC, all at the Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., Eastern time, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

7. Each of the Parent and the Company, jointly and severally, agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld); to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in a form substantially consistent with Schedule III hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Parent or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Securities by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement, any of the Securities remain unsold by the Underwriters, the Parent will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form satisfactory to the Representatives. If at the Renewal Deadline the Parent is no longer eligible to file an automatic shelf registration statement, the Parent will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form satisfactory to the Representatives and will use its best efforts to cause such registration

statement to be declared effective within 180 days after the Renewal Deadline. The Parent will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided* that in connection therewith neither the Parent nor the Company shall be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters as soon as practicable after the date of this Agreement but no later than 5:30 p.m., Eastern time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon the request of the Representatives to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many printed and electronic copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Parent and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Parent, Rule 158);

(f) During the period beginning from the date hereof and continuing until the Time of Delivery, not to offer, sell, contract to sell, or otherwise dispose of, except as provided hereunder, any securities of the Parent or the Company that are substantially similar to the Securities without the Representatives' prior written consent;

(g) To take all reasonable action necessary to enable S&P Global Ratings, a division of S&P Global Inc., and Moody's Investors Service, Inc. to provide their respective credit ratings of the Securities;

(h) During a period of three years from the effective date of the Registration Statement, to furnish to the holders of the Securities as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Parent and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to the holders of the Securities consolidated summary financial information of the Parent and its subsidiaries for such quarter in reasonable detail; *provided, however*, that the Parent and the Company may satisfy the requirements of this subsection by making any such reports, communications or information available on its website or by filing such information with the Commission via EDGAR or any successor filing system thereto;

(i) To use the net proceeds received by the Company from the sale of the Securities pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(j) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(k) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Parent's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Securities (the "**License**"); *provided*, *however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

8. (a) (i) Each of the Parent and the Company represents and agrees that, other than the final term sheet in a form substantially consistent with Schedule III hereto and filed pursuant to Section 7(a) hereof, without the prior written consent of the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, other than one or more term sheets relating to the Securities substantially consistent with Schedule III hereto, containing no "issuer information" (as defined in Rule 433(h)(2) under the Act) that was not included in the Preliminary Prospectus or Pricing Prospectus, it has not made and will not make any offer relating to the Securities that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

9. Each of the Parent and the Company covenants and agrees with the several Underwriters that the Parent and the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Parent's and the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, the Indenture, the Support Agreement, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 7(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture, the Securities and the Support Agreement; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Parent and the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

10. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Parent and the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Parent and the Company shall have performed all of their obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 7(a) hereof; the final term sheet contemplated by Section 7(a) hereof, and any other material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, shall have furnished to the Representatives such written opinion, dated the Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Representatives their written opinion and 10b-5 statement, each dated the Time of Delivery, in the form attached as Annexes II-A and II-B hereto;

(d) Jeffrey M. Taylor, Secretary of the Company and Vice President, Chief SEC Counsel and Secretary of the Parent, shall have furnished to the Representatives his written opinion, dated the Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Parent, the Company and the Parent's other subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded the Parent's or the Company's debt securities by S&P Global Ratings, a division of S&P Global Inc., or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of the Parent's or the Company's debt securities;

(h) On or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Parent's or the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus; and

(i) Each of the Parent and the Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery certificates of officers of the Parent and the Company reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Parent and the Company, respectively, herein at and as of the Time of Delivery, as to the performance by the Parent and the Company of all their respective obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section 10 and as to such other matters as the Representatives may reasonably request.

11. (a) The Parent and the Company will, jointly and severally, indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the

Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Parent and the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Parent and the Company against any losses, claims, damages or liabilities, joint or several, to which the Parent or the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Parent and the Company for any legal or other expenses reasonably incurred by the Parent or the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other

indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in

such proportion as is appropriate to reflect the relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Parent and the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Parent and the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Parent or the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Parent, the Company, and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Parent and the Company under this Section 11 shall be in addition to any liability which the Parent and the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter and to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 11 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Parent or the Company and to each person, if any, who controls the Parent or the Company within the meaning of the Act.

12. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section 12 with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Securities which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Securities which such Underwriter agreed to purchase hereunder) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 9 hereof and the indemnity and contribution agreements in Section 11 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

13. The respective indemnities, agreements, representations, warranties and other statements of the Parent, the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, the Parent or the Company, or any officer or director or controlling person of the Parent or the Company, and shall survive delivery of and payment for the Securities.

14. If for any reason, other than a default by the Underwriters in their obligation to purchase the Securities, any Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities not so delivered, but the Parent and the Company shall then be under no further liability to the Underwriters except as provided in Sections 9 and 11 hereof.

15. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

16. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives in care of: BofA Securities, Inc., 114 West 47th Street, NY8-114-07-01, New York, NY 10036, Attention: High Grade Transaction Management/Legal, or by facsimile transmission to (212) 901-7881; PNC Capital Markets LLC, 300 Fifth Avenue, 10th Floor, Pittsburgh, PA 15222, Attention: Debt Capital Markets, Fixed Income Transaction Execution, or by facsimile transmission to (412) 762-2760; or RBC Capital Markets, LLC, Brookfield Place, 200 Vesey Street, 8th Floor, New York, NY 10281, Attention: DCM Transaction Management/Scott Primrose, telephone: (212) 618-7706, e-mail: TMGUS@rbccm.com; and if to the Parent or the Company shall be delivered or sent by mail to the address of the Parent set forth in the Registration Statement, or email at stacy.mitchell@amwater.com, Attention: Stacy A. Mitchell, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

17. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Parent and the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

18. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Parent and the Company and, to the extent provided in Sections 11 and 13 hereof, the officers and directors of the Parent and the Company and each person who controls the Parent and the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

19. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

20. The Parent and the Company acknowledge and agree that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Parent and the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not as an agent or fiduciary of the Parent or the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Parent or the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Parent or the Company) or any other obligation to the Parent or the Company except the obligations expressly set forth in this Agreement and (iv) the Parent and the Company have consulted their own legal and financial advisors to the extent they deemed appropriate. The Parent and the Company agree that they will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Parent or the Company, in connection with such transaction or the process leading thereto.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Parent, the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

23. THE PARENT, THE COMPANY AND EACH OF THE UNDERWRITERS HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

24. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

25. Notwithstanding anything herein to the contrary, each of the Parent and the Company are authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Parent and the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax treatment” means U.S. Federal and State income tax treatment, and “tax structure” is limited to any facts that may be relevant to that treatment.

26. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 26, the following terms shall have the meanings indicated:

(i) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters, the Parent and the Company.

Very truly yours,

AMERICAN WATER CAPITAL CORP.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[Signature Page to the Underwriting Agreement]

Accepted as of the date hereof:

BofA Securities, Inc.
PNC Capital Markets LLC
RBC Capital Markets, LLC

On behalf of each of the Underwriters

BOFA SECURITIES, INC.

By: /s/ SHAWN CEPEDA
Name: Shawn Cepeda
Title: Managing Director

PNC CAPITAL MARKETS LLC

By: /s/ VALERIE SHADECK
Name: Valerie Shadeck
Title: Managing Director

RBC CAPITAL MARKETS, LLC

By: /s/ SCOTT G. PRIMROSE
Name: Scott G. Primrose
Title: Authorized Signatory

[Signature Page to the Underwriting Agreement]

SCHEDULE I

	Principal Amount of the Securities to be Purchased
BofA Securities, Inc.	$ 164,000,000
PNC Capital Markets LLC	$ 142,000,000
RBC Capital Markets, LLC	$ 142,000,000
J.P. Morgan Securities LLC	$ 48,000,000
Mizuho Securities USA LLC	$ 48,000,000
TD Securities (USA) LLC	$ 48,000,000
Truist Securities, Inc.	$ 48,000,000
U.S. Bancorp Investments, Inc.	$ 48,000,000
Wells Fargo Securities, LLC	$ 48,000,000
Huntington Securities, Inc.	$ 14,000,000
Regions Securities LLC	$ 14,000,000
Scotia Capital (USA) Inc.	$ 14,000,000
BNY Mellon Capital Markets, LLC	$ 8,000,000
Siebert Williams Shank & Co., LLC	$ 8,000,000
Academy Securities, Inc.	$ 2,000,000
CAVU Securities LLC	$ 2,000,000
Roberts & Ryan, Inc.	$ 2,000,000
Total	$ 800,000,000

SCHEDULE II

a) Issuer Free Writing Prospectuses included in the Pricing Disclosure Package: Final term sheet attached hereto as Schedule III.

SCHEDULE III

February 24, 2025

American Water Capital Corp.
American Water Works Company, Inc.

$800,000,000 5.250% Senior Notes due 2035

Issuer:	American Water Capital Corp.
Support Provider:	American Water Works Company, Inc.
Security:	5.250% Senior Notes due 2035
Size:	$800,000,000
Trade Date:	February 24, 2025
Settlement Date:	February 27, 2025 (T+3)*
Maturity Date:	March 1, 2035
Benchmark Treasury:	UST 4.625% due February 15, 2035
Benchmark Treasury Yield:	4.400%
Spread to Benchmark Treasury:	+90 bps
Yield to Maturity:	5.300%
Coupon:	5.250%
Price to Public:	99.615% of the principal amount
Interest Payment Dates:	March 1 and September 1 of each year, beginning on September 1, 2025
Redemption Provisions:	
Make-whole call:	Treasury Rate +15 bps
Par call:	On or after December 1, 2034
CUSIP:	03040W BF1
ISIN:	US03040WBF14
Ratings[(1)]:	[Intentionally Omitted]
Joint Book-Running Managers:	BofA Securities, Inc. PNC Capital Markets LLC RBC Capital Markets, LLC J.P. Morgan Securities LLC Mizuho Securities USA LLC TD Securities (USA) LLC Truist Securities, Inc. U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC
Sr. Co-Managers:	Huntington Securities, Inc. Regions Securities LLC Scotia Capital (USA) Inc.
Co-Managers:	BNY Mellon Capital Markets, LLC Siebert Williams Shank & Co., LLC
Jr. Co-Managers:	Academy Securities, Inc. CAVU Securities LLC Roberts & Ryan, Inc.

(1) Neither of these ratings is a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

The term "Treasury Rate" has the meaning ascribed to that term in the Issuer's Preliminary Prospectus Supplement, dated February 24, 2025.

* The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about the third business day following the date of the prospectus supplement, or "T+3". Trades of securities in the secondary market generally are required to settle in one business day, referred to as T+1, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+1 basis, investors who wish to trade the notes prior to the first business day before delivery of the notes will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Investors of the notes who wish to trade the notes on any date prior to the first business day before delivery should consult their own advisors.

The Issuer and the Support Provider have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer and the Support Provider have filed with the SEC for more complete information about the Issuer, the Support Provider and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter participating in the offering will arrange to send you the prospectus if you request it by calling BofA Securities, Inc. toll free at (800) 294-1322, PNC Capital Markets LLC toll free at (855) 881-0697, or RBC Capital Markets, LLC toll free at (866) 375-6829.

SCHEDULE IV

Significant Subsidiaries of the Parent

Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

AMERICAN WATER CAPITAL CORP.

OFFICERS' CERTIFICATE

FEBRUARY 27, 2025

5.250% SENIOR NOTES DUE 2035

PURSUANT TO SECTIONS 102 AND 301 OF THE INDENTURE IDENTIFIED BELOW

The undersigned officers of American Water Capital Corp., a Delaware corporation (the "Company"), acting pursuant to an authorization contained in the unanimous written consent, dated February 22, 2025 of the Board of Directors of the Company (the "Board Resolutions"), and Sections 102 and 301 of the Indenture, dated as of December 4, 2009 (the "Indenture", and unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them therein), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), do hereby certify as follows:

1) There is hereby established under the Indenture the following series of debt securities of the Company, and the terms of such series (the "Series") are as follows:

   a) The Series shall be known and designated as the "5.250% Senior Notes due 2035" of the Company (the "Securities");

   b) The terms of the Securities are as set forth in Annex A hereto;

   c) The Securities shall be redeemable at the option of the Company as specified and subject to the limitations set forth in Annex A hereto;

   d) The Securities shall not be entitled to the benefits of any sinking fund or analogous provisions;

   e) The covenants and definitions set forth in Article 8 and Article 10 of the Indenture apply to the Securities;

   f) The Securities shall be subject to defeasance as specified and subject to the limitations set forth in Annex A hereto;

   g) The Securities will be issued in the form of one or more fully registered Global Securities which are exchangeable from time to time for fully registered certificated securities in accordance with the terms of the Indenture; and

   h) The Company will not pay additional amounts on the Securities held by a non-U.S. person in respect of taxes or similar charges withheld or deducted;

2) The undersigned have read the provisions of the Indenture relating to the authentication and delivery of securities thereunder, including Sections 201, 301 and 303 thereof and the definitions relating thereto;

3) The undersigned have read the Board Resolutions authorizing the issuance of the Securities and the taking of any action by such officers of the Company in connection therewith, and have made such investigation or examination as is necessary, in the opinion of the undersigned, to enable the undersigned to express an informed opinion as to whether the covenants and conditions precedent to the action to be taken by the Trustee in authenticating and delivering Securities under the Indenture have been complied with;

4) In the opinion of the undersigned, such covenants and conditions precedent have been complied with; and

5) The Securities are "Debt" under the Support Agreement, dated June 22, 2000 and amended as of July 26, 2000, between American Water Works Company, Inc. and the Company.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

By: /s/ JEFFREY M. TAYLOR
Name: Jeffrey M. Taylor
Title: Secretary

ANNEX A

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

American Water Capital Corp.
5.250% Senior Notes due 2035

CUSIP No. 03040W BF1
ISIN No. US03040WBF14

No R. $

American Water Capital Corp., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on March 1, 2035, and to pay interest thereon from February 27, 2025 or from the most recent Interest Payment Date to which interest has been paid or as duly provided for semi-annually on March 1 and September 1, in arrears, commencing September 1, 2025, and on any earlier Redemption Date (as defined herein), at the rate of 5.250% per annum, until the principal hereof is paid or made available for payment. Interest on this Security shall be computed assuming a 360-day year consisting of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (i) with respect to any Global Security, by wire transfer of immediately available funds to the accounts specified by the Holder of such Global Security or (ii) with respect to any certificated Security, by wire transfer of immediately available funds to the respective accounts specified by the Holders of such certificated Security or, if no such account is specified, by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed.

AMERICAN WATER CAPITAL CORP.

By _____

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, N.A.,
As Trustee

By _____
Authorized Signatory

Dated:

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 4, 2009 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

The Company may from time to time, without the consent of the Holders, create and issue Additional Securities, so that each such further issue shall be consolidated and form a single series with the Outstanding Securities of this series.

All or a portion of the Securities of this series may be redeemed at the option of the Company at any time or from time to time (each, a "Redemption Date"). Prior to December 1, 2034 (the "Par Call Date"), the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming the Securities of this series matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points less (b) interest accrued to the Redemption Date, and
- 100% of the principal amount of the Securities of this series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to that Redemption Date.

On or after the Par Call Date, the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

"*Treasury Rate*" means, with respect to any Redemption Date for the Securities of this series, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third business day preceding the Redemption Date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notices of redemption will be given in accordance with the Indenture at least 30 but not more than 60 days before a Redemption Date, except that redemption notices may be sent more than 60 days prior to a Redemption Date if the notice is issued in connection with a satisfaction and discharge of the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In connection with any proposed transfer of this Security if this Security ceases to be a Global Security, the Company or DTC shall be required to provide or cause to be provided to the Trustee all information that is (i) available to the Company or the DTC, as applicable, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (iii) specifically and timely requested in writing by

the Trustee. Any transferor shall also provide or cause to be provided to the Trustee all information that is (i) available to such transferor, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, and (iii) specifically and timely requested by the Trustee. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Morgan Lewis

February 27, 2025

American Water Works Company, Inc.
American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation ("AWW"), and American Water Capital Corp., a Delaware corporation (the "Company"), in connection with the issuance by the Company of $800,000,000 aggregate principal amount of its 5.250% Senior Notes due 2035 (the "Notes"), issued under the Indenture, dated as of December 4, 2009 (the "Indenture"), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Notes have the benefit of the Support Agreement, dated June 22, 2000, as amended as of July 26, 2000, between the Company and AWW (the "Support Agreement").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration Nos. 333-277166-01 and 333-277166) (the "Registration Statement"), which Registration Statement was filed jointly by the Company and AWW with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated February 24, 2025 (the "Prospectus Supplement") relating to the Notes, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Indenture; (4) the Support Agreement; (5) the certificate of incorporation of the Company; (6) the by-laws, as amended, of the Company; (7) the restated certificate of incorporation of AWW; (8) the amended and restated bylaws of AWW; and (9) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of payment for the Notes) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Notes and the Support Agreement, as it relates to the Notes, are valid and binding obligations of the Company and AWW, respectively, except as may be limited or affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies generally and general principles of equity.

Morgan, Lewis & Bockius LLP

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New York, NY 10178-0060
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In rendering the foregoing opinion, we have assumed that the certificates representing the Notes conform to specimens examined by us and that the Notes have been duly authenticated, in accordance with the Indenture, by the Trustee under the Indenture and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the reference to us under the heading "Legal Matters" in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading "Legal Matters" in the Base Prospectus, and to the filing of this opinion as an exhibit to AWW's Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ MORGAN, LEWIS & BOCKIUS LLP

Press Release

VIRGINIA AMERICAN WATER

Virginia American Water Granted New Rates by Virginia State Corporation Commission

Increase Driven by $110 Million in Infrastructure Investments

ALEXANDRIA, Va. (February 27, 2025) – The Virginia State Corporation Commission (SCC) has approved a settlement for new water and wastewater rates for Virginia American Water. The approved rates represent a total annualized revenue increase of approximately $14.6 million.

The company's rate request was filed on November 1, 2023, and was primarily driven by more than $110 million in infrastructure investment in treatment system and distribution upgrades since its last rate filing.

"We are committed to making the necessary investments to continue to provide the high-quality service our customers expect and deserve and ensuring compliance with state and federal regulations," said Laura Runkle, President, Virginia American Water. "Our effective capital planning helps keep water and wastewater services reliable and affordable for the 350,000 people we serve."

The new approved rate order represents a reduction from the interim rates that became effective on May 1, 2024. The average bill for most water customers using 4,000 gallons per month will decrease by approximately $2.00 per month. The bill for an average wastewater customer will decrease by approximately $1.50 per month, depending on the service area. With these new rates, the cost of high-quality, reliable, water and wastewater service will remain among the lowest household utility bills.

The new rates will be retroactive to May 1, 2024, and the company will issue credits to customers for the difference between interim and permanent rates, including interest, within 90 days of the final order. Credits will appear as two separate line items labeled "Rate Refund" and "Interest on Rate Refund."

Press Release

VIRGINIA AMERICAN WATER

Virginia American Water wants to remind customers about its existing bill paying assistance programs, payment arrangements or budget billing options available on the customer MyWater portal at virginiaamwater.com. Income-eligible customer requirements may also apply for assistance through the company's H2O Help to Others program, administered by Dollar Energy Fund. More information can be found at virginiaamwater.com under "Customer Service & Billing", "Customer Assistance Programs."

Customers will receive information about the new rates in their next Virginia American Water bill. Information will also be available on the company's website at www.virginiaamwater.com under Customer Service & Billing, Your Water and Wastewater Rates.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Virginia American Water

Virginia American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water services to over 350,000 people. For more information, visit www.virginiaamwater.com and follow Virginia American Water on Twitter and Facebook.

Press Release

VIRGINIA AMERICAN WATER

AWK-IR

Media Contact:

Marybeth Leongini
External Affairs Manager
(703) 706-3871
marybeth.leongini@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 28, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On February 28, 2025, the Executive Development and Compensation Committee of the Board of Directors of American Water Works Company, Inc. (the "Company") unanimously approved a Severance Agreement and General Release (the "Severance Agreement") to be entered into between Melanie M. Kennedy, the Company's Executive Vice President and Chief Human Resources Officer, and American Water Works Service Company, Inc., a wholly owned subsidiary of the Company and Ms. Kennedy's employer.

The Severance Agreement provides that, once it is fully effective, Ms. Kennedy would receive (i) her eligible benefits under the Company's Executive Severance Policy (the "Policy"), including without limitation (a) a cash severance payment amount equal to 12 months of her current annual base salary of $487,953, minus applicable deductions and withholdings, to be paid in accordance with the Company's regular pay schedule, (b) a prorated 2025 award opportunity under the Company's Annual Performance Plan, equal to 65% of her annual base salary prorated through her separation date of March 1, 2025, and (c) Company-paid COBRA healthcare continuation coverage for up to 16 weeks; (ii) a supplemental cash payment of $300,000, minus applicable deductions and withholdings; and (iii) an extension for up to eight months of the Company-paid COBRA healthcare continuation coverage to be provided to her under the Policy. In exchange, the Severance Agreement provides that Ms. Kennedy would agree to a general release and certain non-solicitation, non-disparagement and confidentiality covenants in favor of the Company. The Severance Agreement is subject to mandatory review and right to rescind periods under applicable law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 28, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On February 22, 2025, American Water Works Company, Inc. (the "Company") agreed to a separation from service with Melanie M. Kennedy, Executive Vice President and Chief Human Resources Officer and a named executive officer of the Company, effective March 1, 2025, which will be subject to the terms of the Company's Executive Severance Policy. Ms. Kennedy joined the Company in 2007, and the Company thanks her for her long-tenured service.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 24, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 19, 2025

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 19, 2025, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated February 19, 2025, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 19, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

February 19, 2025

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

Media Contact:
Maureen Duffy
Executive Vice President, Communications and External Affairs
856-955-4163
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AMERICAN WATER REPORTS 2024 RESULTS ON TRACK
AFFIRMS LONG-TERM GROWTH TARGETS
CEO HARDWICK TO RETIRE IN MAY; GRIFFITH TO ASSUME CEO ROLE

- **Reported 2024 earnings of $5.39 per share, compared to $4.90 per share in 2023**
  - **2024 earnings, weather-normalized and excluding incremental interest from amended HOS seller note, of $5.18 per share, compared to $4.77 per share in 2023, an 8.6% year over year increase**
- **Delivered dividend growth of 8.1% for the year**
- **Invested $3.3 billion in capital in 2024 to address aging infrastructure, water quality, resiliency and closed acquisitions**
- **Added nearly 90,000 customer connections, of which 69,500 were through closed acquisitions**
- **Affirmed long-term EPS and dividend growth targets of 7-9%**
- **CEO M. Susan Hardwick to retire May 14, 2025, and John Griffith, President of American Water, to succeed Hardwick**

CAMDEN, N.J., February 19, 2025 - American Water Works Company, Inc. (NYSE: AWK) today reported earnings of $1.22 per share for the fourth quarter 2024 compared to $0.88 per share in 2023, and full year earnings in 2024 of $5.39 per share compared to $4.90 per share in 2023.

“American Water once again successfully executed on its guidance and plan, including industry-leading earnings and dividend growth in 2024. We invested $3.3 billion in regulated operations, led by infrastructure renewal, and the completion of 13 acquisitions which added nearly 70,000 customers, achieving the company’s 2% acquisition annual growth target,” said John Griffith, president of American Water.

“American Water continues to be the leader in all aspects of the water and wastewater utility industry and is the only pure play, large-cap water utility in the U.S.,” said M. Susan Hardwick, CEO of American Water. “We believe this is a mission-driven business and, what’s important is to deliver safe, clean, reliable, and affordable water and wastewater services to those we currently serve and to even more people in this country,” added Hardwick.

2025 Earnings Per Share (“EPS”) Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2025 EPS guidance range of $5.65 to $5.75, which includes approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of the former Homeowner Services Group (“HOS”). The company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”).

Consolidated Results

For the three and twelve months ended December 31, 2024, earnings per share were $1.22 and $5.39, respectively, compared to $0.88 and $4.90 per share in the same periods in 2023. Increased results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for the three and twelve months ended December 31, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.05 and $0.12 per share, respectively. Results for the three and twelve months ended December 31, 2023, reflect the net favorable impact of weather compared to normal, estimated at $0.02 and $0.13 per share, respectively. Results for the three and twelve months ended December 31, 2024, include incremental interest income of $0.02 and $0.09 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

In 2024, the company invested $3.3 billion in infrastructure improvements and growth, including $417 million for regulated acquisitions.

Regulated Businesses

In the fourth quarter of 2024, the Regulated Businesses' net income was $250 million, compared to $188 million for the same period in 2023. For the full year 2024, the Regulated Businesses' net income was $1.1 billion, compared to $971 million in 2023.

Operating revenues increased $132 million and $376 million for the three and twelve months ended December 31, 2024, respectively, as compared to the same periods in 2023. The increases in operating revenues were primarily a result of authorized revenue increases resulting from completed general rate cases and infrastructure proceedings to recover incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of approximately $389 million from general rate cases, with $283 million effective in 2024 and $106 million effective in 2025. Further, approximately $113 million of additional annualized revenues from infrastructure surcharges have been authorized, with $90 million effective in 2024 and $23 million effective in 2025. The company has general rate cases in progress in four jurisdictions, reflecting a total annualized revenue request of approximately $161 million.

Operating expenses were higher by $30 million and $169 million for the three and twelve months ended December 31, 2024, respectively, as compared to the same periods in 2023. Operating expenses were higher primarily due to an increase in employee-related costs, increased production costs, which include higher purchased water cost and usage, as well as general taxes associated with increased capital investment. Operating expenses also include depreciation expense, which was higher by $25 million and $79 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $15 million and $52 million for the three and twelve months ended December 31, 2024, respectively, as compared to the same periods in 2023, to fund capital investments.

Dividends

On December 6, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share of common stock payable on March 4, 2025, to shareholders of record as of February 7, 2025.

CEO Transition

American Water also announced today that M. Susan Hardwick will retire May 14, 2025, the date of the company's annual shareholder meeting. She will be succeeded by John C. Griffith, currently President of American Water. Hardwick joined American Water as CFO in 2019 as one of the utility industry's most seasoned and respected financial experts. In February 2022, she was named President and CEO.

"On behalf of the American Water Board of Directors, I thank Susan for her tremendous leadership over the past six years," said Karl Kurz, Chair of the American Water Board of Directors. "Under her leadership as CEO, the company solidified its position as a top tier performer on earnings and dividend growth, increased its ten-year capital plan to $42 billion to support decades of needed infrastructure renewal, and led American Water's efforts to help our country address water and wastewater challenges, closing over 100 acquisitions across 12 regulated states. She did all this while always living up to the company's values."

"John is an exceptional choice as CEO and he and the management team have the full confidence of the Board. John will continue American Water's strong record of industry leadership and high performance," Kurz continued. "Today's news is a true reflection of our Board's commitment to a robust succession plan to ensure American Water has a deeply experienced and strong leadership team for decades to come. The full leadership team is highly regarded, well experienced and will continue to serve all of American Water's stakeholders well."

John C. Griffith was named President of American Water in July of 2024. Griffith served as Executive Vice President and Chief Financial Officer of American Water since 2022. In his role, Griffith was responsible for all aspects of financial management and strategy, including finance strategy and planning, treasury, accounting, enterprise risk and internal audit, supply chain, control functions, and business development.

Prior to joining American Water, Griffith served as a Managing Director in Bank of America Securities' Mergers & Acquisitions (M&A) group, leading the firm's M&A practice for regulated utilities and renewable energy. Before joining Bank of America Securities in 2014, Griffith served as CEO of HighWave Energy, a start-up renewable fuels company. He also held multiple positions during a fourteen-year career with Merrill Lynch & Co., culminating as a Managing Director in M&A.

2024 Fourth Quarter and Year-End Earnings Conference Call

The conference call to discuss the fourth quarter and year-end 2024 earnings, 2025 EPS guidance, and affirmation of long-term targets will take place on Thursday, February 20, 2025, at 9 a.m. Eastern Standard Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's Investor Relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to over 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Non-GAAP Financial Measures

This press release includes a presentation of American Water's 2024 earnings per share and 2025 earnings guidance range excluding the incremental interest income from the amended HOS note. These presentations constitute "non-GAAP financial measures" under SEC rules. The presentations are derived from American Water's consolidated financial information but do not appear in financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). These presentations supplement American Water's GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes these presentations are useful to American Water's investors because they exclude an item not reflective of the company's ongoing operating results and will allow investors to understand better the operating performance of American Water's regulated businesses. Although management will use these presentations internally to evaluate American Water's results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend for them to represent future results as defined by GAAP, and investors should not consider them as such. In addition, these presentations may not be comparable to similar presentations by other companies, and, accordingly, they may have significant limitations in their use.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2025 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and

acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2024, 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 ("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, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from 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; the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's former HOS business, including: the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due; and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, 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; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to

support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake, and specifically disclaims, any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations

(In millions, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2024	2023	2024	2023
	(Unaudited)			
Operating revenues	$ 1,201	$ 1,032	$ 4,684	$ 4,234
Operating expenses:				
Operation and maintenance	519	472	1,858	1,720
Depreciation and amortization	207	181	788	704
General taxes	74	80	320	307
Other	1	—	—	(1)
Total operating expenses, net	801	733	2,966	2,730
Operating income	400	299	1,718	1,504
Other income (expense):				
Interest expense	(136)	(118)	(523)	(460)
Interest income	23	21	94	73
Non-operating benefit costs, net	5	6	28	32
Other, net	11	10	42	47
Total other income (expense)	(97)	(81)	(359)	(308)
Income before income taxes	303	218	1,359	1,196
Provision for income taxes	64	47	308	252
Net income attributable to common shareholders	$ 239	$ 171	$ 1,051	$ 944
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.22	$ 0.88	$ 5.39	$ 4.90
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.22	$ 0.88	$ 5.39	$ 4.90
Weighted-average common shares outstanding:				
Basic	195	195	195	193
Diluted	195	195	195	193

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 35,059	$ 32,189
Accumulated depreciation	(7,021)	(6,751)
Property, plant and equipment, net	28,038	25,438
Current assets:		
Cash and cash equivalents	96	330
Restricted funds	29	34
Accounts receivable, net of allowance for uncollectible accounts of $53 and $51, respectively	416	339
Income tax receivable	25	86
Unbilled revenues	315	302
Materials and supplies	103	112
Other	231	186
Total current assets	1,215	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,150	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,144	1,143
Other	399	416
Total regulatory and other long-term assets	3,577	3,471
Total assets	$ 32,830	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,371,701 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,598	8,550
Retained earnings	2,112	1,659
Accumulated other comprehensive income (loss)	12	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,332	9,797
Long-term debt	12,518	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,521	11,718
Total capitalization	22,853	21,515
Current liabilities:		
Short-term debt	879	179
Current portion of long-term debt	637	475
Accounts payable	346	294
Accrued liabilities	791	791
Accrued taxes	156	67
Accrued interest	111	93
Other	230	252
Total current liabilities	3,150	2,151
Regulatory and other long-term liabilities:		
Advances for construction	383	352
Deferred income taxes and investment tax credits	2,881	2,717
Regulatory liabilities	1,416	1,481
Operating lease liabilities	76	73
Accrued pension expense	217	262
Other	277	196
Total regulatory and other long-term liabilities	5,250	5,081
Contributions in aid of construction	1,577	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 32,830	$ 30,298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 16, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Oral Comments to U.S. Environmental Protection Agency ("EPA") on Proposed Lead and Copper Rule Improvements ("LCRI")

On January 16, 2024, Lynda B. DiMenna, Chief Environmental and Safety Officer of American Water Works Company, Inc. (the "Company"), is scheduled to provide at a public hearing oral comments to the EPA on its proposed Lead and Copper Rule Improvements (LCRI). A copy of the prepared remarks from which Ms. DiMenna is to provide her oral comments has been filed as Exhibit 99.1 hereto and is incorporated by reference herein. Regardless of whether the LCRI rulemaking is ultimately implemented, the Company continues to comply with the EPA's existing Lead and Copper Rule ("LCR") requirements by replacing lead service lines in accordance with current scientific guidance and utilizing appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements. The Company believes that, if the LCRI rulemaking were to be implemented, the total investment cost to identify and replace lead and galvanized steel service lines in the United States by 2037 would be significant and has been underestimated in the LCRI rulemaking. Finally, the Company supports a delay of the compliance date for those portions of the Lead and Copper Rule Revisions ("LCRR") proposed to be extended by the LCRI, some of which are currently scheduled to take effect on October 16, 2024, to allow all water service providers to prepare adequately for any changes that may be implemented through the proposed LCRI rulemaking while continuing to comply with the existing requirements.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) whether the LCRI rulemaking is ultimately implemented, and if so, any changes to the LCRR that may be implemented; (2) the amount and timing of additional capital expenditures that may be required for the Company to comply with the LCRI rulemaking, if implemented, and any impact thereof on the Company's current long-term capital and financial plans; (3) the deadline required for the Company to comply with any changes that may be implemented through the proposed LCRI rulemaking; (4) the Company's ability to adequately prepare for such compliance and to comply with any such changes; (5) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Prepared Remarks to EPA on Proposed LCRI Rulemaking, by Lynda B. DiMenna, Chief Environmental and Safety Officer of American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: January 16, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

 Exhibit 99.1

Prepared Remarks to U.S. Environmental Protection Agency ("EPA") on Proposed Lead and Copper Rule Improvements ("LCRI") Rulemaking

My name is Lynda DiMenna, and I'm the Chief Environmental and Safety Officer for American Water.

As the largest publicly traded drinking water and wastewater service provider in the U.S., we support the EPA's efforts to protect public health by proposing the Lead and Copper Rule Improvements.

Although American Water consistently meets water quality lead standards across our footprint, we believe that removing the risk of customer-side lead service lines over time is the right thing to do for the health and safety of our customers. For this reason, we have begun developing and launching programs within our service territories with to replace customer-side lead service lines across the American Water footprint.

American Water supports the concept of a mandatory replacement program, rather than a triggered replacement program. Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important first step in eliminating lead service lines. With respect to replacement, we believe the rule must differentiate access from control, and that water systems should perform full-service line replacement when they are granted access. EPA's new rule should recognize that a lack of customer approval to replace a service line can lead to safety issues and additional regulatory and legal risk. We believe the rule should allow water systems to perform partial lead service line replacements when customers do not grant access to perform full-service line replacements.

We believe all stakeholders must understand the costs associated with the suggested improvements to the Lead and Copper Rule. The cost to identify the material of all unknown service lines and replace all lead service lines as well as galvanized lines, where needed, by 2037 will require significant investment for all water systems. American Water is currently developing preliminary estimates based on the proposed improvement, and our actual expenses will be dependent upon multiple factors, including the requirements in the final rule, the number of unknown service lines identified as lead or galvanized requiring replacement. We anticipate that the amounts for replacement are going to be significant with total replacement cost underestimated by the EPA.

To realize the full health benefits, we believe that water systems should have the financial resources to help them sustain the ongoing costs that will arise from the replacement process in systems for the safety and benefit of customers. States should treat these expenditures for regulated utilities as federally mandated requirements that are recoverable in customer rates through expedited means.

We believe that maintaining customer affordability is critical and the additional estimated cost of this rule underscores the importance of federal funding for lead service line replacement availability to all water systems, regardless of the type of ownership.

Finally, American Water urges the EPA to act now to delay the compliance date and deadlines for those portions of the Lead and Copper Rule Revisions, proposed to be extended by the Improvements, some of which are currently scheduled to take effect on October 16, 2024. Water systems are expending funds and resources now to comply with the Lead and Copper Rule Revisions although the compliance dates for many of these activities are proposed to be changed in the Lead and Copper Rule Improvements. American Water's position is that water systems cannot stop preparing to comply with the existing rule until there is certainty on the new, proposed changes.

American Water thanks the EPA for this opportunity to make comments and looks forward to working cooperatively and collaboratively with the EPA, regulators, and policymakers to protect customers, communities, and the general public.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 19, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Petition by New Jersey-American Water Company, Inc. for New Water and Wastewater Rates

On January 19, 2024, New Jersey-American Water Company, Inc. ("New Jersey American Water"), a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed a petition with the New Jersey Board of Public Utilities (the "NJBPU") for new water and wastewater rates. The petition seeks aggregate annualized incremental revenue of approximately $162 million, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 56.30% and a debt component of 43.70%, and is driven primarily by approximately $1.3 billion in capital investments made and to be made by New Jersey American Water through December 2024. The petition also proposes a revenue decoupling mechanism and seeks a deferral of certain production cost adjustments. To take effect, the petition must be approved by the NJBPU.

A copy of the press release issued by New Jersey American Water on January 19, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the NJBPU of new water and wastewater rates requested by New Jersey American Water in its petition; (2) the terms of any settlement agreement or stipulation, and/or order of the NJBPU, related to the above-referenced petition; (3) the timing of any implementation of new rates by New Jersey American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or New Jersey American Water; (5) the amount and timing of proposed or anticipated capital expenditures and investments by New Jersey American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or New Jersey American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or New Jersey American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated January 19, 2024, issued by New Jersey American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: January 19, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

NEW JERSEY AMERICAN WATER

New Jersey American Water Files Rate Request Driven by Over $1.3 Billion in Investment

Request reinforces company's commitment to providing safe, clean, reliable and affordable service

CAMDEN, N.J. (January 19, 2024) – New Jersey American Water filed a petition today with the New Jersey Board of Public Utilities (BPU) requesting new rates, driven by more than $1.3 billion in capital investments through December 2024, to continue providing safe and reliable service. The company continues to make needed investments to replace aging infrastructure, meet water quality and environmental regulations, provide resiliency of operations, increase fire protection, and meet customers' other water and wastewater service needs.

"Our approach to long-term, efficient and consistent investments in our water and wastewater systems helps us continue to deliver high-quality, reliable service and fire protection for the more than 2.8 million people in 18 counties we serve. As the state's largest water and wastewater utility, we believe it is essential that the service we provide is safe, complies with state and federal water quality regulations; reliable, so that it is resilient in the face of floods, droughts, and other weather-related impacts; and affordable," said Mark McDonough, president of New Jersey American Water. "One of the steps we are taking to address affordability is proposing a universal affordability tariff to expand our customer assistance program."

If the company's proposed rates are approved as requested, the water bill for the average residential customer using 5,640 gallons per month would increase about $11.30 per month. The average monthly residential wastewater bill would increase about $6.16 per month. The new affordability tariff, if approved by the BPU, would provide a 20 to 80 percent monthly bill reduction for income-eligible customers.

New Jersey American Water's investment in replacing or rehabilitating nearly 176 miles of aging water mains is included in this rate request. Additional critical infrastructure projects included in the rate request are improvements to the company's seven surface water treatment plants serving nearly all customers statewide; investments in its treatment facilities to comply with

Press Release

NEW JERSEY AMERICAN WATER

regulations for PFAS; replacement of aging, critical, large-diameter transmission mains and several large-scale pipeline replacement projects throughout the state to improve system reliability; replacement of thousands of utility-owned lead and galvanized service lines statewide; additional advanced leak detection technology; replacement or upgrades to improve reliability and efficiency at dozens of wells, pumping stations and other critical facilities statewide; and sewer system upgrades to meet environmental regulations throughout the company's service areas.

The company's rate request undergoes extensive public scrutiny by the BPU, the New Jersey Division of Rate Counsel, and the Office of Administrative Law. This process includes numerous interrogatories, public hearings and evidentiary hearings and can take nine months or more. To increase transparency of the process, the company's petition and its associated exhibits are being posted to the Company's website, newjerseyamwater.com, under Customer Service & Billing, Your Water and Wastewater Rates.

New Jersey American Water is seeking a total annual revenue increase of approximately $161.7 million. The increased rates proposed in the petition are a request only. The BPU will make the final decision regarding the actual increase. Once a final decision has been made, customers will receive information on the new rates in the mail and on the company's website.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formerly Twitter) and Instagram.

About New Jersey American Water
New Jersey American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.8 million people. For more information, visit www.newjerseyamwater.com and follow New Jersey American Water on Facebook, X (formerly Twitter), Instagram, and LinkedIn.

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Press Release

NEW JERSEY AMERICAN WATER

AWK-IR

Media Contact:
Denise Venuti Free
Senior Director of Communications & External Affairs
New Jersey American Water
Denise.Free@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 25, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing by Illinois-American Water Company for New Water and Wastewater Rates

On January 25, 2024, Illinois-American Water Company ("Illinois American Water"), a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed tariffs with the Illinois Commerce Commission (the "ICC") for new water and wastewater rates. The filing seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $136 million effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on the future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The filing is driven primarily by an estimated $557 million in capital investments made and to be made by Illinois American Water commencing January 2024 through December 2025. The filing also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery. The filing must be approved by the ICC, and if approved, it is anticipated that new rates would take effect in early 2025.

A copy of the press release issued by Illinois American Water on January 25, 2024 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the ICC of Illinois-American Water's filing for new water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the ICC, related to the above-referenced filing; (3) the timing of any implementation of new rates by Illinois American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Illinois American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Illinois American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Illinois American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Illinois American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated January 25, 2024, issued by Illinois American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: January 25, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

ILLINOIS AMERICAN WATER

Illinois American Water Files Rate Request Driven by $557 Million in Future Investments

Request driven by company's commitment to providing clean, safe, reliable and affordable water and wastewater service

Belleville, Ill. (January 25, 2024) – Illinois American Water filed a rate request today with the Illinois Commerce Commission (ICC) reflecting $557 million in water and wastewater system investments to be made through 2025 to continue providing clean, safe, reliable and affordable service. The request reinforces the company's commitment to investing in its water and wastewater systems to replace aging infrastructure, provide reliable service, enhance water quality and comply with environmental regulations.

"We carefully plan and invest in the infrastructure of our water and wastewater systems to provide safe, clean, and reliable service to nearly 1.3 million Illinoisians in more than 140 communities across the state," said Rebecca Losli, president of Illinois American Water. "By making prudent, ongoing investments, Illinois American Water is committed to protecting public health and safety in the communities we serve. At the same time, we remain committed to addressing the needs of our most vulnerable customers." The rate request includes $421 million in water system infrastructure improvements and $136 million in wastewater system infrastructure improvements to be made over two years, from January 2024 to December 2025.

Investments in the rate request include the replacement of approximately 44 miles of aging water and wastewater pipelines and the upgrading of storage tanks, wells, pumping stations, hydrants, meters, wastewater plants, and more across the state. Also included in the rate request is the ongoing replacement of lead water service lines across the state as well as improvements to water treatment facilities in Cairo, Sterling, Peoria, Leonore, Hardin, Nettle Creek and Saunemin to support continued safe drinking water treatment to residents and businesses.

The company's last general rate case was filed with the ICC in January 2022 and a rate Order was approved in December 2022. New rates became effective in January 2023.

If the new rates are approved, as filed with the ICC today, residential customers would see their monthly water service bills increase about $24 per month, while the average residential wastewater bill would increase by about $5 per month. Both rates would depend on the customer's service area.

Part of today's filing with the ICC includes a proposal to expand the Income-Based Discount program to help protect and make additional customers who need bill assistance eligible for the program. Illinois American Water offers customer assistance through its *H2O Help to*

Press Release

ILLINOIS AMERICAN WATER

Others program, payment plans and budget billing. For questions about the program or to apply, customers can call Dollar Energy at 888-282-6816 or they can apply directly at the company's website at dollarenergy.org/need-help/illinois/ilaw-customer-assistance-discount-program.

Today's filing is a necessary first step in the 11-month ICC rate review process; customer rates are not changing at this time. Any general rate changes proposed through this filing would not become effective until early 2025 when a final rate order is approved by the ICC.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Illinois American Water
Illinois American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.3 million people. American Water also operates a quality control and research laboratory in Belleville.

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AWK-IR
Media Contact:
Terry Mackin
Director, External Affairs and Communications
Terry.Mackin@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 1, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of General Rate Case with the Missouri Public Service Commission (the "MoPSC") by Missouri-American Water Company ("Missouri American Water")

On July 1, 2024, Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed with the MoPSC a request to review its water and wastewater rates. The request seeks annualized incremental revenue of approximately $148 million, excluding approved infrastructure surcharges of approximately $48 million in Missouri American Water's approved mechanism. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by Missouri American Water from January 2023 through May 2026. Missouri American Water anticipates that the general rate case proceeding will be completed by mid-2025.

A copy of the press release issued by Missouri American Water on July 1, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the MoPSC, with respect to the above-referenced general rate case; (2) the timing of the implementation of new rates under the general rate case; (3) the amount and timing of incremental capital investments to be completed by Missouri American Water; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Missouri American Water; and (5) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Missouri American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Missouri American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated July 1, 2024, issued by Missouri American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 1, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

MISSOURI AMERICAN WATER

Missouri American Water Files Rate Request Driven by $1.5 Billion in Water and Wastewater System Investments

ST. LOUIS, Mo. (July 1, 2024) – Missouri American Water filed a request today with the Missouri Public Service Commission (MoPSC) reflecting $1.5 billion in water and wastewater system investments completed and planned from January 2023 to May 2026. The request reinforces the company's commitment to replace aging infrastructure, provide reliable service, enhance water quality and comply with environmental regulations.

"We carefully plan investments in our water and wastewater systems to provide safe, clean and reliable service to nearly 1.6 million (one in four) Missourians in more than 90 counties throughout the state," said Rich Svindland, president of Missouri American Water. "These prudent, ongoing investments show our commitment to protecting public health and safety in the communities we serve."

These projects are important to continue providing quality water, increasing fire protection and improving service reliability for customers and include replacement of over 250 miles of aging water and wastewater pipe to help reduce main breaks and sewer overflows. Improvement projects also include treatment plant upgrades.

Key projects include:

- **St. Louis County** - Replacement of the intake pump station at the South Water Treatment Plant
- **St. Charles County –** Construction of new transmission main to add a second source of water supply
- **Jefferson City** - Construction of a new filter building at the water treatment plant
- **St. Joseph** - Upgrades at the water treatment plant and Randolph booster stations
- **Joplin** – Construction of a new carbon feed system at the treatment plant and well site treatment upgrades
- **Eureka, Smithton** – Wastewater treatment plant upgrades including construction of new lift station and UV disinfection

The company's last general rate case was filed with the MoPSC in July 2022 with a rate Order being approved in May 2023. New rates became effective on May 28, 2023.

If the company's proposed rates are approved as filed with the MoPSC today, the water bill for the average residential customer using 5,475 gallons per month would increase about $18.00 per month. Wastewater customers could see a monthly decrease or increase depending on the customer's service area.

Press Release

MISSOURI AMERICAN WATER

Part of today's filing with the MoPSC includes a proposed income-based rate for customers facing financial hardship. If approved by the MoPSC, residential customers below 150% of the Federal Poverty Level would be eligible for a discounted rate. Missouri American Water also offers assistance through its H2O *Help to Others* program, payment plans and budget billing.

The company's rate request undergoes extensive public scrutiny by the MoPSC. This process includes numerous interrogatories, public hearings and evidentiary hearings and can take up to 11 months. To increase transparency of the process, the company's proposed tariffs and other information about the filing are included on the company's website, missouriamwater.com.

The company anticipates that any general rate changes proposed through this filing would not become effective until mid-2025, after a final rate Order is issued by the MoPSC.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, planned capital investments and water and wastewater system improvements, the outcome of the MoPSC's final rate Order, and the amount and effective date of new water and wastewater rates. These statements are based on the current expectations of management of Missouri American Water. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the MoPSC, with respect to the above-referenced general rate case; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Missouri American Water; and (4) other economic, political, business and other factors that may impact or affect the water and wastewater industries generally or Missouri American Water specifically. Forward-looking statements are not guarantees or assurances of future performance or results, and Missouri American Water and its affiliates do not undertake any duty to update any forward-looking statement.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Missouri American Water

Missouri American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.6 million people. For more, visit missouriamwater.com and follow Missouri American Water on X, Facebook, Instagram, YouTube and LinkedIn.

Press Release

MISSOURI AMERICAN WATER

AWK-IR

Media Contact:
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Senior Manager, External Communications
Cell: 417-529-9781
Christie.barnhart@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 22, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Entry of Order by Pennsylvania Public Utility Commission (the "PaPUC") Approving General Rate Case of Pennsylvania-American Water Company ("Pennsylvania American Water")

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by Pennsylvania American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), on November 8, 2023. In its order, the PaPUC approved a $99.3 million annualized increase in Pennsylvania American Water's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5,823.8 million, which reflects, as requested and included in the general rate case, approximately $1 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions that remain pending, including the previously-announced acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates will take effect on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in Pennsylvania American Water's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case.

A copy of the press release issued by Pennsylvania American Water on July 23, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated July 23, 2024, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 23, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water Receives Rate Order from Pennsylvania Public Utility Commission

Reflects $1 billion in system investments to address aging water and wastewater infrastructure, with expanded customer assistance programs

MECHANICSBURG, Pa. (July 23, 2024) – The Pennsylvania Public Utility Commission (PUC) issued an order on July 22 approving adjusted water and wastewater rates for Pennsylvania American Water customers following the company's November 2023 rate request. The order includes expanded customer assistance programs, a total annualized revenue increase of $99.3 million, 9.45% Return on Equity (ROE) and actual capital structure with 55.3% equity approved. The order reflects the $1 billion in infrastructure investments to be made through mid-2025, as requested by the company, including upgrades to water mains, treatment plants, tanks, valves, booster stations and other infrastructure necessary to maintain and improve water quality, service reliability and fire protection.

"Pennsylvania American Water is committed to making needed infrastructure improvements across our service areas so we can continue to comply with more stringent drinking water standards and environmental regulations while keeping our systems resilient in the face of floods, droughts and other weather-related risks," said Pennsylvania American Water President Justin Ladner. "We appreciate the Commission's recognition of these critical investments, and we will continue to remain focused on efficiencies to help maintain affordable rates."

The PUC also approved the company's proposal to expand its income-based monthly bill discount program to include customers between 151 percent and 200 percent of the Federal Poverty Level (FPL), resulting in an estimated 55,000 additional customers being eligible to receive discounted service. The order also expanded eligibility for hardship fund grants from 201 to 250 percent of FPL.

Underscoring its commitment to affordability, the company's current H2O Help to Others Program™ offers three tiers of discounts off monthly water and wastewater bills for income-eligible customers, and the PUC's order expanded the amount of the monthly discounts from 30-80 percent to 30-90 percent. Last year, customers received approximately $14 million in bill discounts under this program. The company is committed to finding other opportunities to support customers.

The PUC encouraged the company to strive to set a target donation to its hardship fund of an additional $1 million. As part of its acquisition of the Butler Area Sewer Authority (BASA), the company already committed last year to increasing its shareholder contribution to the H2O Help

Press Release

PENNSYLVANIA AMERICAN WATER

to Others grant program by $3.5 million over five years. While the BASA acquisition was approved by the PUC in November 2023, it was appealed to Commonwealth Court, and the PUC-approved expansion of these assistance programs awaits a decision.

Additionally, as part of this approval, the PUC initiated an investigation into reported water service and water quality issues in the company's Northeastern service territory, based on testimony given in public input hearings held as part of the rate request proceeding.

With 33 of Pennsylvania American Water's water treatment plants nationally recognized with Directors Awards for participating in the EPA's Partnership for Safe Water, Pennsylvania American Water affirms its commitment to high-quality, reliable and affordable water and wastewater services.

"Our water meets all state and federal drinking water regulations, and we take customer comments about water quality very seriously," stated Ladner. "We acknowledge that some customers experienced temporary aesthetic disturbances associated with system improvements and operational maintenance, and we will work with the Commission on matters raised. As part of this commitment, we attempted personal outreach to every customer who raised a water quality concern during the public hearings to better understand and resolve their issues."

New rates will take effect on Aug. 7, except wastewater rates for the recently acquired systems of Foster Township and the City of York, which will take effect in January and May of 2025, respectively, in accordance with the acquisition agreements. The company will communicate new rates and new estimated bill impacts for its various water and wastewater rate zones on its website and will include details on how to find this information in upcoming customer bills.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formally Twitter) and Instagram.

About Pennsylvania American Water

Pennsylvania American Water, a subsidiary of American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

Press Release

PENNSYLVANIA AMERICAN WATER

AWK-IR

Media Contact:
David Misner
Senior Manager, External Communications
C: 717-261-7525
david.misner@amwater.com

# # #

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) & (c) On July 31, 2024, reflecting ongoing executive development and succession planning activities undertaken by the Board of Directors and management of the Company (the "Board"), the Board has elected and designated, effective as of August 1, 2024: (i) John C. Griffith, 58, currently the Company's Executive Vice President and Chief Financial Officer, to serve as the Company's President; and (ii) David Bowler, 46, currently the Company's Senior Vice President, Deputy Chief Financial Officer and Treasurer, to serve as the Company's Executive Vice President and Chief Financial Officer, and its principal financial officer. As of August 1, 2024, M. Susan Hardwick's officer title will change from President and Chief Executive Officer, to Chief Executive Officer, and she will remain the Company's principal executive officer and a member of the Board. Mr. Griffith will continue to report to Ms. Hardwick and will lead the day-to-day operations of the Company. In addition, Cheryl Norton, the Company's Executive Vice President and Chief Operating Officer, will remain in her current role, and, as of August 1, 2024, will oversee the Company's business development function.

Other than as described in this Current Report on Form 8-K, there are no arrangements or understandings between either Mr. Griffith or Mr. Bowler, on the one hand, and any other person, on the other hand, pursuant to which he was designated to serve in his new role. Neither Mr. Griffith nor Mr. Bowler has any family relationship with any director or other executive officer of the Company, or any person nominated or chosen by the Company to become a director or executive officer, and neither has any direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K.

(e) In connection with the leadership changes discussed above, on July 30, 2024, the Executive Development and Compensation Committee (the "ED&CC") of the Board approved, for Messrs. Griffith and Bowler, and Ms. Norton, effective as of August 1, 2024, the following as to their 2024 annual base salary, 2024 annual performance plan ("APP") target award percentages of annual base salary, and 2024 long-term performance plan ("LTPP") target award percentages of annual base salary, and approved the following additional grants of 2024 LTPP awards to reflect appropriately those compensation updates:

Executive Name	2024 Annual Base Salary	2024 APP Target Award Percentage (prorated as of August 1, 2024)	2024 LTPP Target Award Percentage	Approx. Fair Value of Additional 2024 LTPP Award (prorated as of August 1, 2024)
John C. Griffith	$ 950,000	100%	340%	$ 530,734
David Bowler	$ 550,000	80%	160%	$ 195,719
Cheryl Norton	$ 710,000	90%	245%	$ 146,260

These compensation updates were reviewed and approved by the ED&CC based on benchmarking data and other information provided by its independent compensation consultant, to reflect Messrs. Griffith's and Bowler's changed roles, and Ms. Norton's additional duties and responsibilities, and appropriate employment offer letters were approved by the Board on July 31, 2024, effective as of August 1, 2024. The LTPP grants for Mr. Bowler and Ms. Norton will include the Company's standard post-retirement vesting provisions applicable to persons serving in the position of the chief financial officer and chief operating officer, respectively, and will be included in Mr. Griffith's LTPP grants in his position as president. All executives remain eligible to participate in the Company's Executive Severance Policy, its Change of Control Severance Policy, and its employee nonqualified deferred compensation plan, as well as other benefit plans and arrangements generally available to other executives of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 31, 2024

By: /s/ STACY A. MITCHELL
Stacy A. Mitchell
Executive Vice President and General Counsel

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

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Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 31, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the second quarter ended June 30, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated July 31, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 31, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

July 31, 2024

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

Media Contact:
Maureen Duffy
Senior Vice President, Communications and External Affairs
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AMERICAN WATER REPORTS SOLID SECOND QUARTER 2024 RESULTS
NARROWS 2024 EPS GUIDANCE TO TOP HALF OF RANGE
AFFIRMS LONG-TERM TARGETS
ANNOUNCES LEADERSHIP CHANGES

- **Second quarter 2024 earnings were $1.42 per share, compared to $1.44 per share in 2023; year-to-date 2024 earnings were $2.37 per share, compared to $2.37 per share in 2023**
  - **Quarter and year-to-date 2023 and 2024 comparative results reflect a net unfavorable weather impact of an estimated $0.04 per share**
- **2024 earnings per share guidance range is narrowed to $5.25 to $5.30 from $5.20 to $5.30, on a weather-normalized basis, including the estimated $0.10 per share of increased interest income as discussed last quarter, as a result of lower than expected declines in customer usage; long-term targets affirmed**
- **2024 capital investment plan of $3.1 billion on track; approx. 43,000 customer connections added from acquisitions and organic growth through June 30**
- **Significant regulatory execution YTD with new rates effective in IN, WV, KY, and with new rates to go into effect in PA next week**
- **2023 Sustainability Report published in July**
- **Leadership team changes: Effective August 1, 2024, M. Susan Hardwick remains CEO and American Water Board member and John C. Griffith named President of American Water; Cheryl Norton expands COO role to include Business Development; David Bowler named CFO; Nicholas Furia named Treasurer**

CAMDEN, N.J., July 31, 2024 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended June 30, 2024, of $1.42 per share, compared to $1.44 per share for the same quarter in 2023 and $2.37 per share for the year-to-date period ended June 30, 2024, compared to $2.37 per share for the same period in 2023.

“The company delivered solid results for the first half of the year,” said M. Susan Hardwick, president and CEO of American Water. “While results are relatively flat year over year, that is what we expected as we will see the results of our recent regulatory outcomes in the latter part of this year.”

“In the first six months of 2024, we invested $1.4 billion with the majority dedicated to needed infrastructure improvements to better serve our customers,” said Hardwick. “This included $119 million of acquisitions closed in Illinois, New Jersey, and Virginia, all of which are included in their respective current rate cases.”

2024 EPS Guidance Narrowed to Top Half of Range; Long-Term Financial Targets Affirmed

The company now expects its 2024 earnings per share guidance range to be $5.25 to $5.30, narrowed from the previous EPS guidance range of $5.20 to $5.30, on a weather-normalized basis. Both ranges include approximately $0.10 per share of increased interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of the former Homeowner Services Group ("HOS"). The Company affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC"). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three and six months ended June 30, 2024, earnings per share were $1.42 and $2.37, respectively, compared to $1.44 and $2.37 per share in the same periods in 2023. Results include the implementation of new rates in the Regulated Businesses from its capital and acquisition investments. Results also reflect some increased production and employee-related costs and higher financing costs to fund the current capital investment plan. Results for the three and six months ended June 30, 2024 compared to the same periods in 2023, reflect a net unfavorable impact of weather of $0.04 per share, including an estimated $0.03 and $0.07 per share, respectively, of impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey, and in the second quarter of 2023 in the Northeast and Midwest. Results for the three and six months ended June 30, 2024, include additional interest income of $0.02 and $0.04 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to meet its capital investment plan for the year with investments of $1.4 billion in the first six months of 2024, including $1.3 billion for infrastructure improvements and replacements, primarily in the Regulated Businesses, and $119 million for acquisitions. The company plans to invest a total of approximately $3.1 billion across its footprint in 2024.

Regulated Businesses

In the second quarter of 2024, the Regulated Businesses' net income was $274 million, compared to $278 million for the same period in 2023. For the first six months of 2024, the Regulated Businesses' net income was $459 million, compared to $452 million for the same period in 2023.

Operating revenues increased $52 million and $120 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of $176 million from general rate cases. Further, $90 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective. The company has general rate cases in progress in seven jurisdictions and has filed for infrastructure surcharges in one jurisdiction, reflecting a total annualized revenue request of $546 million. Most of the additional authorized revenues in 2024 have effective dates in the second or third quarter of this year.

Operating expenses were higher by $37 million and $76 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. Operating expenses were higher primarily due to increased production costs, which include higher purchased water usage, fuel, power and chemicals costs, and an increase in employee related costs, as well as general taxes associated with increased capital investment. Depreciation expense was higher by $17 million and $32 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $12 million and $22 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023, to fund capital investments.

Dividends

On July 31, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on September 4, 2024, to shareholders of record as of August 13, 2024.

Leadership Team Changes

As part of the robust succession process, American Water announced leadership changes effective August 1, 2024, by naming John C. Griffith as President of American Water and expanding the role of Cheryl Norton, Executive Vice President and Chief Operating Officer, to include Business Development. M. Susan Hardwick remains CEO, as well as an American Water Board member. David Bowler has been named Executive Vice President and Chief Financial Officer and Nicholas Furia has been named Vice President and Treasurer.

"We are excited about our leadership news with key internal leaders taking expanded roles. Building strong talent and exceptional teams within our company is an important strength and differentiator of American Water and we, along with the American Water Board of Directors, are highly confident this structure will support the execution of our plans now and well into the future," said Hardwick. "In addition to his tenure with American Water, John has more than 25 years of industry knowledge and expertise and has significant experience in leading high-performing teams, strategy development and execution. He has a deep understanding of our company's purpose and a strong commitment to our customers, employees and shareholders.

"As our COO and with more than 35 years of proven experience, Cheryl has played a pivotal role in executing our increased capital plan to ensure our water and wastewater systems are reliable and resilient. Having her lead the enhanced business development team that helps bring our services to new communities is a natural expansion of her leadership role."

"David, with over four years at American Water, has been our Deputy CFO and Treasurer since 2022 and has significant experience in all aspects of financial management and strategy, including finance strategy and planning, treasury, accounting, enterprise risk and capital markets," added Hardwick.

"Today's changes further solidify an already top-talented leadership team," said Karl F. Kurz, Board Chair of American Water. "Our Board is committed to the continued long-term success of this company, and the execution of our extensive succession planning is a key part of that commitment. On behalf of the Board, I want to thank and congratulate Susan, John, Cheryl, David, and Nick for the roles they are playing in the current and future success of American Water."

Biographies on Griffith, Norton, Bowler and Furia can be found at ir.amwater.com/governance/officers.

2024 Second Quarter Earnings Conference Call

The conference call to discuss second quarter 2024 earnings, 2024 earnings guidance, and long-term targets will take place on Thursday, August 1, 2024, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected

capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as “intend,” “plan,” “estimate,” “believe,” “anticipate,” “expect,” “predict,” “project,” “propose,” “assume,” “forecast,” “outlook,” “likely,” “uncertain,” “future,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “will,” “should” and “could” and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water’s current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company’s Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions’ and other authorities’ actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company’s water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (“PFAS”)), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company’s ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company’s aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company’s technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto; the company’s ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company’s capital requirements; the company’s ability to control operating expenses and to achieve operating efficiencies, and the company’s ability to create, maintain and promote initiatives and programs that support the affordability of the company’s regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company’s water supplies or the water provided to its customers; the company’s ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company’s business operations; the company’s ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, including without limitation the company’s ability to (i) obtain required regulatory 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; risks and uncertainties following the completion of the sale of the company’s former HOS business, including the company’s ability to receive amounts due, payable and owing to the company under the amended secured seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company’s Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company’s operations; the company’s ability to successfully develop and implement new technologies and to protect related intellectual property; the company’s ability to maintain safe work sites; the company’s exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and

similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,149	$ 1,097	$ 2,160	$ 2,035
Operating expenses:				
Operation and maintenance	427	419	843	812
Depreciation and amortization	193	174	381	346
General taxes	81	73	162	151
Other	(1)	(1)	(1)	(1)
Total operating expenses, net	700	665	1,385	1,308
Operating income	449	432	775	727
Other (expense) income:				
Interest expense	(131)	(110)	(255)	(225)
Interest income	25	15	49	29
Non-operating benefit costs, net	7	8	16	17
Other, net	11	12	18	23
Total other (expense) income	(88)	(75)	(172)	(156)
Income before income taxes	361	357	603	571
Provision for income taxes	84	77	141	121
Net income attributable to common shareholders	$ 277	$ 280	$ 462	$ 450
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.42	$ 1.44	$ 2.37	$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.42	$ 1.44	$ 2.37	$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	190
Diluted	195	195	195	190

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 33,364	$ 32,189
Accumulated depreciation	(6,832)	(6,751)
Property, plant and equipment, net	26,532	25,438
Current assets:		
Cash and cash equivalents	48	330
Restricted funds	50	34
Accounts receivable, net of allowance for uncollectible accounts of $48 and $51, respectively	393	339
Income tax receivable	17	86
Unbilled revenues	337	302
Materials and supplies	111	112
Other	209	186
Total current assets	1,165	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,138	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	90	86
Goodwill	1,143	1,143
Other	352	416
Total regulatory and other long-term assets	3,518	3,471
Total assets	$ 31,215	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,314,008 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,578	8,550
Retained earnings	1,971	1,659
Accumulated other comprehensive loss	(7)	(26)
Treasury stock, at cost (5,451,187 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,152	9,797
Long-term debt	12,553	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,556	11,718
Total capitalization	22,708	21,515
Current liabilities:		
Short-term debt	—	179
Current portion of long-term debt	575	475
Accounts payable	215	294
Accrued liabilities	607	791
Accrued taxes	108	67
Accrued interest	113	93
Other	207	252
Total current liabilities	1,825	2,151
Regulatory and other long-term liabilities:		
Advances for construction	379	352
Deferred income taxes and investment tax credits	2,780	2,717
Regulatory liabilities	1,434	1,481
Operating lease liabilities	78	73
Accrued pension expense	251	262
Other	200	196
Total regulatory and other long-term liabilities	5,122	5,081
Contributions in aid of construction	1,560	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 31,215	$ 30,298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 4, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On June 4, 2024, James H. Gallegos, Executive Vice President and General Counsel of American Water Works Company, Inc. (the "Company"), notified the Company of his retirement, effective immediately. The Company's Board of Directors has designated Stacy A. Mitchell, previously Senior Vice President and Deputy General Counsel, as the Company's Executive Vice President and General Counsel.

Item 7.01. Regulation FD Disclosure.

On June 5, 2024, the Company issued a press release announcing that Stacy A. Mitchell had been named as the Company's Executive Vice President and General Counsel. A copy of the press release has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in response to this Item 7.01.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated June 5, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: June 5, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

American Water Names Stacy Mitchell Executive Vice President and General Counsel

CAMDEN, N.J. – JUNE 5, 2024 – American Water (NYSE: AWK), the largest regulated water and wastewater utility company in the U.S., announced today that Stacy A. Mitchell has been named Executive Vice President and General Counsel. Mitchell replaces James H. Gallegos upon his retirement.

"While we wish Jim well as he begins his retirement, we are so pleased to have Stacy in this role," said M. Susan Hardwick, president and CEO of American Water. "With more than 25 years of experience in legal and regulatory work, Stacy is an excellent addition to our executive team. She has deep regulatory, litigation, business planning and strategy development expertise and has successfully led our multi-state regulatory and legal teams."

Mitchell most recently served as American Water's Senior Vice President and Deputy General Counsel, where she led the company's regulatory strategy and the execution of overall companywide legal strategies.

Prior to joining American Water in 2019, Mitchell served as Vice President, Rates and Regulatory Affairs for SJI Utilities in Atlantic City, N.J. She also served in that capacity for SJI's subsidiary, South Jersey Gas. Before joining SJI, Mitchell worked in private practice where she provided litigation, regulatory, and environmental counsel.

Mitchell serves as a member of the American Water Works Association's Water Utility Council and Council Treasurer.

Mitchell received her bachelor's degree in Science (Environmental Studies) from Stockton College and her Juris Doctor from Rutgers School of Law.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Press Release

AMERICAN WATER

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 4, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

West Virginia Public Service Commission (the "WVPSC") Approval of Orders Related to West Virginia-American Water Company, Inc. ("West Virginia American Water")

On March 4, 2024, West Virginia American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), issued a press release to announce that the WVPSC issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023. This order approved an $18.4 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $6.9 million, based on an authorized return on equity ("ROE") of 9.8%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.1% and a long-term debt ratio of 49.9%. West Virginia American Water also received an order approving $5.9 million in additional annualized revenue requested in its distribution system and wastewater system improvement charge ("DSIC/WSIC") filing on June 30, 2023, related to planned investment from March 2024 through December 2024.

The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of West Virginia American Water's previous rate case, (ii) higher pension and other OPEB costs, and (iii) increases in production costs, including chemicals, fuel and power costs. The increased DSIC/WSIC revenues are being driven by $67 million of water and wastewater system capital investments planned from March 2024 through December 2024. The new water and wastewater rates became effective as of February 25, 2024, and the new DSIC/WSIC rates became effective March 1, 2024.

A copy of the press release issued by West Virginia American Water has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the amount and timing of incremental future capital expenditures and investments to be made by West Virginia American Water; (2) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or West Virginia American Water; and (3) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally, the Company or West Virginia American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or West Virginia American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated March 4, 2024, issued by West Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 4, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

WEST VIRGINIA AMERICAN WATER

West Virginia American Water Receives Base Rate and Surcharge Orders from Public Service Commission of West Virginia

Supports Needed Infrastructure investments of $287 Million

CHARLESTON, W.Va. (**Mar. 4, 2024)** – The Public Service Commission of West Virginia (PSC) issued an order late Friday, February 23 approving adjusted water and wastewater rates for West Virginia American Water customers following the company's May 2023 request for a rate adjustment. The order authorizes an additional $18.4 million in revenue, driven by over $220 million in completed infrastructure investments made since 2020, including upgrades to water mains, treatment plants, tanks, valves, booster stations and other infrastructure necessary to maintain and improve water quality, service reliability and fire protection.

The new base rates are effective as of February 25, 2024, and follow a 300-day statutory review of the company's rate request. As part of the request, the company sought to establish tiered rates for certain low-income customers following the federal poverty level guidelines; however, the PSC denied that proposal. The PSC did expand the 2018 reduced rates for low-income customers to those at or below 200% of the federal poverty rate, and the company will work to stand up that program and provide customers with further details as soon as practicable.

On Friday, March 1, the company also received an order for its June 2023 Distribution System Improvement Charge (DSIC) request for additional annualized revenues. The $5.9 million order included the company's first approved Wastewater System Improvement Charge (WSIC). The surcharges became effective on March 1, 2024 and include $67 million in system-wide upgrades that West Virginia American Water will make across its water and wastewater systems in 2024.

"West Virginia American Water is committed to making needed infrastructure improvements across our service areas so we can continue to comply with water quality and environmental regulations and meet customers' water and wastewater service needs," said Robert Burton, president, West Virginia American Water. "In addition, we will continue to remain focused on opportunities for greater efficiencies to help maintain affordable rates."

Residential water customers can expect to see an average increase of approximately $8 per month, which includes the approved adjusted rates and related system improvement charges. Wastewater customers can expect to see an average increase of approximately $12 per month. As the company continues to make calculations from this order, the aforementioned increases are subject to change.

Press Release

WEST VIRGINIA AMERICAN WATER

West Virginia American Water also wants to remind its customers about several targeted customer assistance programs. Residential customers have the option of paying bills under a budget billing plan to have predictable monthly payments and avoid seasonal spikes, and customers with past-due bills are offered flexible payment arrangements through installment agreements.

The company also offers a reduced rate program that provides a year-round 20 percent discount on residential water and wastewater rates for low-income customers determined eligible by the West Virginia Department of Human Services. Additionally, the company helps fund the West Virginia Utility Assistance Program Dollar Energy Fund, through which eligible customers can receive one-time emergency grants applied directly to their water bills. Customers can learn more about assistance options by calling 1-800-685-8660 or visiting the Customer Assistance Programs page on the company website.

About American Water American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About West Virginia American Water
West Virginia American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water services to approximately 600,000 people.

AWK-IR

Media Contact
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 11, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Completion of Acquisition of Granite City Wastewater Treatment Plant

On March 11, 2024, Illinois-American Water Company ("Illinois American Water"), a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), completed the acquisition of a wastewater treatment plant and related assets from Granite City (the "Seller") for an aggregate purchase price of $86 million, pursuant to an Asset Purchase Agreement, dated April 6, 2023, as amended September 28, 2023. The Granite City wastewater treatment plant serves approximately 26,000 customers, including 15,500 customers indirectly in surrounding communities. The sale was approved by the Illinois Commerce Commission on January 31, 2024.

A copy of the press release issued by Illinois American Water on March 11, 2024, has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated March 11, 2024, issued by Illinois American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 11, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

ILLINOIS AMERICAN WATER

Illinois American Water Completes Acquisi on Of Granite City's Wastewater Treatment Facility

Acquisi on Adds Approximately 26,000 Wastewater Customers In Company's Footprint

Granite City, Ill. – (March 11, 2024) – Illinois American Water, a subsidiary of American Water completed its acquisition of the assets of the wastewater treatment plant of Granite City for $86 million. The wastewater treatment plant serves approximately 26,000 customer connections, including approximately 10,500 direct and 15,500 indirect customers in surrounding communities. This transaction follows Illinois American Water's acquisition of the wastewater collection system of Granite City in 2020, where the company has been the water service provider for over 130 years.

"We thank the Granite City Council for its vote of confidence, and we look forward to growing our partnership with Granite City residents and businesses," said Illinois American Water President Rebecca Losli. "Our company and team of experienced employees are invested in the Granite City community and are well positioned to leverage our resources and expertise to address both their water and wastewater needs for years to come."

Granite City Mayor Mike Parkinson said a key reason for the sale is that Illinois American Water will upgrade the Granite City Wastewater Treatment Plant and is planning approximately $40 million in capital investments at the plant in the first five years of ownership.

"We support this agreement with Illinois American Water because it is in the best interests of the Granite City community, today and tomorrow," said Parkinson. "It will put our city's wastewater assets and operations into the highly capable hands of Illinois American Water, and we are also able to preserve and transition all jobs for the employees."

Mayor Parkinson added that proceeds from the sale would allow the city to invest in other critical, community needs.

"Municipalities through the country, and in Illinois, are looking at utilities like Illinois American Water for solutions on water and wastewater infrastructure needs," added Mayor Parkinson.

In the Metro East, in recent years, Illinois American Water has purchased the wastewater system assets of Alton, Godfrey, Grafton, Jerseyville and Shiloh.

The Granite City Council approved the Asset Purchase Agreement on Wednesday, April 5, 2023, and the Illinois Commerce Commission (ICC) approved the sale on Jan. 31, 2024.

Press Release

ILLINOIS AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Illinois American Water
Illinois American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.3 million people. American Water also operates a quality control and research laboratory in Belleville.

AWK-IR

Media Contact
Terry Mackin
Director, External Communications
Illinois American Water
Terry.mackin@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 1, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated May 1, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 1, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

May 1, 2024

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

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Senior Vice President, Communications and External Affairs
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AMERICAN WATER REPORTS SOLID FIRST QUARTER 2024 RESULTS

AFFIRMS 2024 EPS GUIDANCE AND LONG-TERM GROWTH TARGETS

- **First quarter 2024 earnings were $0.95 per share, compared to $0.91 per share in 2023; results as expected**
- **2024 earnings per share guidance range of $5.20 to $5.30 affirmed**
- **2024 capital investment plan of $3.1 billion on track; March closing of Granite City, IL, acquisition of $86 million**
- **Announced quarterly cash dividend of $0.7650 per share of common stock payable in June, an increase of 8.1%**
- **Completed 2024 financing; issued $1.4 billion of senior notes in February, $700 million of 5.150% due 2034 and $700 million of 5.450% due 2054**

CAMDEN, N.J., May 1, 2024 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended March 31, 2024, of $0.95 per share, compared to $0.91 per share for the same quarter in 2023.

“We are off to a solid start to 2024 as we continue to execute on our regulated strategy,” said M. Susan Hardwick, president and CEO of American Water. “Early in 2024 we completed our key financing objective with the successful $1.4 billion debt issuance, which helps fund our robust infrastructure investment program. These needed infrastructure investments include addressing the final PFAS rule, our on-going lead and copper replacement programs and making our own systems more resilient as we help communities address their water and wastewater challenges.”

2024 EPS Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2024 earnings per share guidance range of $5.20 to $5.30, which includes approximately $0.10 per share of increased interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of the former Homeowner Services Group (“HOS”). The Company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three months ended March 31, 2024, earnings per share were $0.95 compared to $0.91 per share in the same period in 2023. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from its capital and acquisition investments, offset somewhat by increased production and employee related costs, higher financing costs to fund the capital investment plan, including the 2023 equity issuance, and $0.05 per share of net unfavorable one-time items year-over-year. Results for the three months ended March 31, 2024, include additional interest income of $0.02 per share, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to meet its capital investment plan for the year with investments of $720 million in the first three months of 2024, including $634 million for infrastructure improvements and replacements, primarily in the Regulated Businesses, and $86 million for the closing of the wastewater treatment plant acquisition from Granite City, Illinois. The company plans to invest a total of approximately $3.1 billion across its footprint in 2024.

Regulated Businesses

In the first quarter of 2024, the Regulated Businesses' net income was $185 million, compared to $174 million for the same period in 2023.

Operating revenues increased $68 million for the three months ended March 31, 2024, as compared to 2023. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of $43 million from general rate cases. Further, $55 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective. The company has general rate cases in progress in eight jurisdictions and has filed for infrastructure surcharges in one jurisdiction, reflecting a total annualized revenue request of $636 million.

Operation and maintenance ("O&M") expenses were higher by $21 million for the three months ended March 31, 2024, as compared to 2023, primarily due to increased production costs from increased fuel, power and chemicals costs, as well as increased employee related costs. Depreciation expense was higher by $15 million in the same period due to the growing capital investment.

Long-Term Debt Offering

On February 23, 2024, the company completed a $1.4 billion debt offering of $700 million aggregate principal amount of 5.150% senior notes due 2034 and $700 million aggregate principal amount of 5.450% senior notes due 2054. The proceeds from the offering were used primarily to find the company's capital investment program.

Dividends

On March 1, 2024, the Company paid a quarterly cash dividend of $0.7075 per share to shareholders of record as of February 8, 2024.

On May 1, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share of common stock, payable on June 3, 2024, to shareholders of record as of May 14, 2024, an increase of 8.1%.

2024 First Quarter Earnings Conference Call

The conference call to discuss first quarter 2024 earnings, 2024 earnings guidance, and long-term targets will take place on Thursday, May 2, 2024, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to

address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain required regulatory 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; risks and uncertainties following the completion of the sale of the company's Homeowner Services Group ("HOS"), including the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2024	2023
Operating revenues	$ 1,011	$ 938
Operating expenses:		
Operation and maintenance	416	393
Depreciation and amortization	188	172
General taxes	81	78
Total operating expenses, net	685	643
Operating income	326	295
Other (expense) income:		
Interest expense	(124)	(115)
Interest income	24	14
Non-operating benefit costs, net	9	9
Other, net	7	11
Total other (expense) income	(84)	(81)
Income before income taxes	242	214
Provision for income taxes	57	44
Net income attributable to common shareholders	$ 185	$ 170
Basic earnings per share:		
Net income attributable to common shareholders	$ 0.95	$ 0.91
Diluted earnings per share:		
Net income attributable to common shareholders	$ 0.95	$ 0.91
Weighted-average common shares outstanding:		
Basic	195	186
Diluted	195	186

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 32,780	$ 32,189
Accumulated depreciation	(6,757)	(6,751)
Property, plant and equipment, net	26,023	25,438
Current assets:		
Cash and cash equivalents	584	330
Restricted funds	42	34
Accounts receivable, net of allowance for uncollectible accounts of $49 and $51, respectively	323	339
Income tax receivable	26	86
Unbilled revenues	316	302
Materials and supplies	115	112
Other	181	186
Total current assets	1,587	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,117	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	90	86
Goodwill	1,143	1,143
Other	331	416
Total regulatory and other long-term assets	3,476	3,471
Total assets	$ 31,086	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,273,523 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,561	8,550
Retained earnings	1,844	1,659
Accumulated other comprehensive loss	(8)	(26)
Treasury stock, at cost (5,451,187 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,007	9,797
Long-term debt	12,566	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,569	11,718
Total capitalization	22,576	21,515
Current liabilities:		
Short-term debt	—	179
Current portion of long-term debt	557	475
Accounts payable	231	294
Accrued liabilities	636	791
Accrued taxes	89	67
Accrued interest	131	93
Other	213	252
Total current liabilities	1,857	2,151
Regulatory and other long-term liabilities:		
Advances for construction	367	352
Deferred income taxes and investment tax credits	2,742	2,717
Regulatory liabilities	1,460	1,481
Operating lease liabilities	78	73
Accrued pension expense	256	262
Other	195	196
Total regulatory and other long-term liabilities	5,098	5,081
Contributions in aid of construction	1,555	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 31,086	$ 30,298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 15, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.07. Submission of Matters to a Vote of Security Holders.

The 2024 Annual Meeting of Shareholders (the "2024 Annual Meeting") of American Water Works Company, Inc., a Delaware corporation (the "Company"), was held on May 15, 2024. An aggregate of 169,944,883 shares, or 87.2% of the Company's issued and outstanding common stock as of March 18, 2024, the record date for the 2024 Annual Meeting, was represented in person or by proxy at the 2024 Annual Meeting, constituting a quorum. The results of voting at the 2024 Annual Meeting on each of the matters submitted to a vote of the Company's shareholders thereat is as set forth below.

1. The following nine nominees were elected as directors of the Company for a term expiring at the 2025 Annual Meeting of Shareholders, and until their successors are duly elected and qualified, and received the votes set forth adjacent to their names below:

Director Nominee	For	Against	Abstain	Broker Non-Votes
Jeffrey N. Edwards	148,548,041	5,131,185	118,900	16,146,757
Martha Clark Goss	143,650,279	10,037,781	110,066	16,146,757
M. Susan Hardwick	152,921,881	762,274	113,971	16,146,757
Kimberly J. Harris	148,051,722	5,631,843	114,561	16,146,757
Laurie P. Havanec	152,655,628	872,509	269,989	16,146,757
Julia L. Johnson	144,718,064	8,958,562	121,500	16,146,757
Patricia L. Kampling	148,963,779	4,722,693	111,654	16,146,757
Karl F. Kurz	143,770,779	9,908,021	119,326	16,146,757
Michael L. Marberry	147,104,394	6,563,401	130,331	16,146,757

2. The shareholders approved, on an advisory basis, the compensation of the Company's named executive officers by the following vote:

For	Against	Abstain	Broker Non-Votes
134,276,377	19,227,434	294,315	16,146,757

3. The ratification of the appointment, by the Audit, Finance and Risk Committee of the Board of Directors, of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2024, was approved by the following vote:

For	Against	Abstain
150,381,103	19,352,427	211,353

Item 8.01. Other Events.

Kentucky-American Water Company ("Kentucky American Water") Files with the Kentucky Public Service Commission (the "KPSC") a Petition for Rehearing of the KPSC's Order Issued on May 3, 2024

On May 16, 2024, Kentucky American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed with the KPSC a petition for rehearing of the KPSC's order issued on May 3, 2024 (the "Order"), which approved a water base rate adjustment request filed by Kentucky American Water on June 30, 2023. The petition for rehearing seeks clarification and/or correction of certain computational inconsistencies that Kentucky American Water believes are reflected in the Order with respect to the authorized amount of annualized water revenues to be received by Kentucky American Water. Consideration of the petition filed by Kentucky American Water by the KPSC is the next step in the process. The timing of any action by the KPSC cannot be predicted at this time.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the authorized amount of annualized water revenues to be received by Kentucky American Water related to its water base rate adjustment request; (2) the timing of the resolution of Kentucky American Water's May 16, 2024 petition for rehearing with respect to the Order; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Kentucky American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Kentucky American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Kentucky American Water's business, 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 17, 2024

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Approval of Order Following Rehearing Request in Kentucky-American Water Company ("Kentucky American Water") General Rate Case

As previously disclosed, on May 16, 2024, Kentucky American Water, a wholly owned subsidiary of American Water Works Company, Inc., filed a petition for rehearing of an order (the "Original Order") issued by the Kentucky Public Service Commission (the "KPSC") with respect to Kentucky American Water's June 30, 2023 water rate adjustment request. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17.3 million annualized increase in water revenues, an increase of $6.7 million from the Original Order approving a $10.6 million annualized increase in water revenues. New rates provided in the Final Order were effective November 6, 2024.

A copy of the press release issued by Kentucky American Water on November 12, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated November 12, 2024, issued by Kentucky American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 12, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

KENTUCKY AMERICAN WATER

Kentucky American Water Receives Approval for New Rates from Kentucky Public Service Commission

Supports $330 Million in System Investments

Lexington, Ky., (November 12, 2024) – The Kentucky Public Service Commission (PSC) has issued an order approving adjusted water rates for Kentucky American Water following the company's June 2023 request for a rate adjustment and a previous PSC order in the case issued on May 3, 2024. The request was driven by $330 million in completed or planned water system investments made since the PSC last adjusted the company's base rates for water service in 2019. These improvements include replacement of aging pipe, water treatment plant upgrades and system resiliency projects that will help Kentucky American Water continue the provision of clean, safe and reliable service for customers.

The rate order for the June 2023 rate case approves an overall increase in water rates of approximately $17.3 million.

"Kentucky American Water is committed to making the needed infrastructure improvements across our service areas so we can continue to provide the high level of safety, service, and reliability that our customers expect and deserve," said Kathryn Nash, president, Kentucky American Water. "In addition, we will continue to remain focused on opportunities for greater efficiencies to help maintain affordable rates for customers."

An interim adjustment in rates, based on those the company proposed in its June 2023 filing, became effective on February 6, 2024. The PSC adjusted the interim rates in its May 2024 order. Because the May decision represented a reduction in the interim rates implemented in February 2024, the company issued to customers credits for the difference, including interest, using the Federal Reserve's "bank prime loan" rate.

The PSC then issued on Nov. 6 a subsequent order resulting in additional rate adjustment.

Kentucky American Water reminds customers facing circumstances that are stretching their financial resources about its bill paying assistance programs that include payment plans, budget

Press Release

KENTUCKY AMERICAN WATER

billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance Program link under Customer Service & Billing on the company's website. For tips on how to reduce your water bill by conserving water, visit the Wise Water Use page on website at https://www.amwater.com/kyaw/Water-Wastewater-Information/wise-water-use.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Kentucky American Water
Kentucky American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 560,000 people.

AWK-IR

Media Contact:
Susan Lancho
Senior Manager, External and Government Affairs
859-268-6332
Susan.lancho@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 3, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Discovery of and Response to Cybersecurity Incident

On October 3, 2024, American Water Works Company, Inc. (the "Company") learned of unauthorized activity within its computer networks and systems, which the Company determined to be the result of a cybersecurity incident. Upon learning of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and is coordinating fully with them. The Company has taken and will continue to take steps to protect its systems and data, including disconnecting or deactivating certain of its systems. The Company currently believes that none of its water or wastewater facilities or operations have been negatively impacted by this incident. Although the Company is currently unable to predict the full impact of this incident, the Company does not expect the incident will have a material effect on the Company, or its financial condition or results of operations.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions, including statements regarding the Company's plans to protect its systems and the impact of the incident on the Company or its financial condition or results of operations. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the extent of the cybersecurity incident and the results or findings of the Company's investigation thereof; (2) the Company's ability to contain and/or mitigate the incident; (3) the nature and scope of unauthorized activity or access or use of any sensitive, proprietary or confidential financial, or personal data or information, which may result in negative consequences such as fines, penalties or loss of reputation; (4) incremental expenses, damages or losses associated with this incident or the Company's containment, mitigation and investigation thereof; (5) the nature, scope and result of any claims or litigation, or regulatory, legislative, local or municipal actions or proceedings that may be brought against the Company or its affiliates, or other affected parties, as a result of the incident; (6) the availability and amount of insurance coverage related to this incident; (7) other legal, reputational and financial risks or impacts resulting from this or other cybersecurity incidents and the potential impacts on the Company's financial condition or results of operations; (8) the length and scope of disruption to the Company's business operations caused by the incident; and (9) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's business, 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 7, 2024

By: /s/ STACY A. MITCHELL
Stacy A. Mitchell
Executive Vice President and General Counsel

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 10, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

On October 10, 2024, American Water Works Company, Inc. (the "Company"), issued a press release to provide an update regarding its previously announced cybersecurity incident that it first reported via Current Report on Form 8-K as filed with the Securities and Exchange Commission (the "SEC") on October 7, 2024. A copy of this press release has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in response to this Item 7.01. Although the Company is currently unable to predict the full impact of this incident, the Company does not expect that the incident will have a material effect on the Company, or its financial condition or results of operations.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or in the exhibit hereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions, including statements regarding the Company's plans to protect its systems and the impact of the incident on the Company or its financial condition or results of operations. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the extent of the cybersecurity incident and the results or findings of the Company's investigation thereof; (2) the Company's ability to contain and/or mitigate the incident, and to maintain the safe operation of its recently reactivated networks and systems; (3) the nature and scope of unauthorized activity or access or use of any sensitive, proprietary or confidential financial, or personal data or information, which may result in negative consequences such as fines, penalties or loss of reputation; (4) incremental expenses, damages or losses associated with this incident or the Company's containment, mitigation and investigation thereof; (5) the nature, scope and result of any claims or litigation, or regulatory, legislative, local or municipal actions or proceedings that may be brought against the Company or its affiliates, or other affected parties, as a result of the incident; (6) the availability and amount of insurance coverage related to this incident; (7) other legal, reputational and financial risks or impacts resulting from this or other cybersecurity incidents and the potential impacts on the Company's financial condition or results of operations; (8) the length and scope of disruption to the Company's business operations caused by the incident; and (9) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated October 10, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 10, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

American Water Reactivating Systems After Cyber Event

Camden, N.J. – OCTOBER 10, 2024 – American Water (NYSE: AWK), the largest regulated water and wastewater utility company in the U.S., announced today that it is in the process of methodically and securely reconnecting and reactivating the systems that were taken offline due to its cybersecurity incident communicated on Oct. 7.

The Company continues to have no indication that its water and wastewater facilities were impacted by this incident. The incident did not affect water quality.

The company's customer portal, MyWater, is now operational, and all standard billing processes are resuming. As a reminder to our customers, there will be no late charges during the short period when our customer and billing platform was unavailable.

The reactivation of systems was initiated in line with the company's ongoing cyber incident response protocols after internal and external security teams confirmed the systems were secure.

The investigation into the nature and scope of the incident by a dedicated team of professionals and law enforcement is ongoing. Investigations of this nature take time, and the company will share any additional information as, and when, appropriate.

American Water takes the cybersecurity of its systems and related data with utmost seriousness and has taken additional steps to strengthen the cybersecurity of its systems. Our customers remain our highest priority. We sincerely regret any inconvenience this has caused and appreciate our customers' patience over the past few days.

The most up-to-date information relating to the incident can be found at www.amwater.com/corp/.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

Press Release

AMERICAN WATER

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Media Contact:
Ruben Rodriguez
Senior Director, External Communications
ruben.e.rodriguez@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 29, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(d) At a meeting held on October 29, 2024, the Board of Directors (the "Board") of American Water Works Company, Inc. (the "Company") increased the size of the Board from nine to 10 members. Upon the recommendation of the Nominating/Corporate Governance Committee of the Board (the "Nominating Committee"), the Board appointed Stuart M. McGuigan as an independent director, effective immediately and for a term ending on the date of the Company's 2025 Annual Meeting of Shareholders (the "Annual Shareholder Meeting"), or until the director's earlier death, resignation or removal. The Nominating Committee has deferred making recommendations to the Board as to committee assignments for Mr. McGuigan until its annual 2025 committee review process.

In accordance with the Board's compensation arrangements currently in effect, Mr. McGuigan will receive an annual base cash retainer of $120,000, payable quarterly and prorated for the director's term of service, as well as reimbursement for expenses incurred in attending Board and committee meetings and reimbursement for attending one continuing director education program per year. Mr. McGuigan will also receive an award of director stock units to be granted under the Company's 2017 Omnibus Equity Compensation Plan, each of which represents an immediately vested contractual right to receive one share of the Company's common stock. The stock units represent the prorated portion of $165,000 in annual equity compensation for the director's initial term of service.

Mr. McGuigan has no direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K. Other than as described above, there are no arrangements or understandings between Mr. McGuigan and any other person, pursuant to which the director was selected as such.

Item 7.01. Regulation FD Disclosure.

On October 30, 2024, the Company issued a press release announcing the election of Mr. McGuigan as a new independent member of the Board. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated October 30, 2024, issued by the Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 30, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Exhibit 99.1

Press Release

AMERICAN WATER

American Water Appoints New Independent Member to the Board of Directors

CAMDEN, N.J., OCTOBER 30, 2024 – American Water Works Company, Inc. (NYSE: AWK) announced today that Stuart M. McGuigan has been appointed as an independent member of the company's board of directors, effective Oct. 29, 2024.

"American Water is pleased to have Stuart join our board of directors," said Karl Kurz, Board Chair of American Water. "Stuart has more than 38 years of extensive experience in information technology and management including serving as the Chief Information Officer for national and global public companies, as well as a government agency. He will further strengthen our board, and we look forward to working with him."

“We are honored to have Stuart become part of American Water's board," said M. Susan Hardwick, CEO of American Water. "His deep expertise in aligning rapidly changing technology with business needs, along with his experience in all areas of IT, including cybersecurity, regulatory compliance, strategic planning and innovation, will bring great value to the board and our company.”

McGuigan most recently served as the Global Chief Information Officer (CIO) for Fresenius Medical Care, an integrated dialysis clinic and device company, where he was responsible for all aspects of information technology.

Prior to that role, McGuigan served as the CIO for the U.S. Department of State with global responsibility for all technology, covering domestic and overseas operations in over 190 countries. In that role, he established technology strategic direction and provided oversight for $2.4 billion of technology programs across the Department.

McGuigan joined the U.S. Department of State from Johnson & Johnson, where he was responsible for global information technology strategy and operations for an organization with 130,000 employees at over 170 overseas and domestic locations.

McGuigan brings more than 38 years of industry background, including experience as CIO of CVS Caremark; CIO of Liberty Mutual; and Senior Vice President of Information Services for Medco Health Solutions. He served as an Independent Senior Advisor for McKinsey & Co. and currently serves on the Board of Directors of Enhabit, Inc. (NASDAQ: EHAB).

McGuigan earned Master of Science and Master of Philosophy degrees in the Cognitive Science program at Yale University and has a Bachelor of Arts degree in Psychology from Fairfield University.

American Water’s board of directors now consists of 10 members.

Press Release

AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 30, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On October 30, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01. Regulation FD Disclosure.

The press release referenced in response to Item 2.02 above and included as Exhibit 99.1 hereto also discussed the Company's earnings per share guidance for 2024 and initiated earnings per share guidance for 2025, and provided certain other 2025 and long-term guidance with respect to the Company.

The presentation to be used in connection with the Company's third quarter 2024 earnings call has been included as Exhibit 99.2 and is incorporated by reference herein.

The information furnished in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated October 30, 2024, issued by American Water Works Company, Inc.
99.2*	American Water Works Company, Inc. Third Quarter 2024 Earnings Presentation
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 30, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

October 30, 2024

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AMERICAN WATER REPORTS STRONG THIRD QUARTER 2024 RESULTS
AFFIRMS LONG-TERM TARGETS AND 2024 EPS GUIDANCE
ANNOUNCES 2025 EPS GUIDANCE, REFLECTING GROWTH OF 8%

- **Third quarter 2024 earnings were $1.80 per share, compared to $1.66 per share in 2023; year-to-date 2024 earnings were $4.17 per share, compared to $4.03 per share in 2023**
  - **Year-to-date 2024 and 2023 comparative results reflect a net unfavorable weather impact of an estimated $0.04 per share; no weather impact quarter over quarter**
- **2024 weather-normalized earnings per share guidance range of $5.25 to $5.30 affirmed; includes $0.10 per share of incremental interest income from the Homeowner Services Group (HOS) seller note that was amended in early 2024**
  - **2024 earnings per share guidance range of $5.15 to $5.20, excluding the $0.10 per share of incremental interest income from the amended HOS note**
- **On October 29, completed the acquisition of the wastewater collection and treatment system assets of Butler Area Sewer Authority in Pennsylvania for $230 million, which adds approximately 15,000 customer connections**
- **Initiating 2025 earnings per share guidance range of $5.65 to $5.75, which includes $0.10 per share of incremental interest income from the amended HOS note**
  - **2025 earnings per share guidance range of $5.55 to $5.65, excluding the $0.10 per share of incremental interest income from the amended HOS note**
- **Affirming long-term targets, including long-term EPS and dividend per share compounded annual growth rates (CAGRs) of 7-9%**
  - **Announcing 2025-2029 capital plan of $17-$18 billion and 2025-3034 capital plan of $40-$42 billion**

CAMDEN, N.J., October 30, 2024 – American Water Works Company, Inc. (NYSE: AWK), a large cap value company, today reported results for the quarter ended September 30, 2024, of $1.80 per share, compared to $1.66 per share for the same quarter in 2023, and $4.17 per share for the year-to-date period ended September 30, 2024, compared to $4.03 per share for the same period in 2023.

"The company has delivered strong results to date in 2024, including key regulatory outcomes that set a good foundation going forward," said M. Susan Hardwick, CEO of American Water. "We are also very pleased to have closed on the Butler Area Sewer Authority wastewater acquisition and look forward to serving those customers."

"Looking forward to 2025 and beyond, we have demonstrated consistently now that we execute on the plans we set, and we are fully confident in our ability to continue to deliver on our near-term and long-term growth and capital plans in this latest update," said Hardwick.

2024 EPS Guidance Affirmed

The company affirms weather-normalized 2024 earnings per share guidance range of $5.25 to $5.30, which it narrowed last quarter to the top half of the previous EPS guidance range of $5.20 to $5.30. Both ranges include approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of HOS. The company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC").

2025 EPS Guidance and Long-Term Targets

- 2025 earnings per share guidance range of **$5.65 to $5.75 established;** includes the $0.10 per share of incremental interest income from the amended HOS note
- Long-term EPS CAGR of **7-9% remains unchanged**
  - Long-term **rate base growth** of **8-9%** (including acquisitions) **remains unchanged**
  - Acquired customer additions at a CAGR of **2% remains unchanged**
- Long-term dividend per share CAGR expectation of **7-9% remains unchanged**
- **Established** capital investment plan of **$17-$18 billion** for 2025-2029 and **$40-$42 billion** for 2025-2034
  - 2025 capital investment plan of **$3.3 billion**

Consolidated Results

For the three and nine months ended September 30, 2024, earnings per share were $1.80 and $4.17, respectively, compared to $1.66 and $4.03 per share in the same periods in 2023. Results include the increased revenues from implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for the three and nine months ended September 30, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.07 per share, respectively. Results for the three and nine months ended September 30, 2023, reflect the net favorable impact of weather compared to normal, estimated at $0.04 and $0.11 per share, respectively. Results for the three and nine months ended September 30, 2024, include incremental interest income of $0.03 and $0.07 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to modestly exceed its original capital investment plan for the year with investments of $2.0 billion in the first nine months of 2024, including $1.9 billion for infrastructure improvements and replacements, primarily in the Regulated Businesses, and $119 million for acquisitions.

Regulated Businesses

In the third quarter of 2024, the Regulated Businesses' net income was $356 million, compared to $331 million for the same period in 2023. For the first nine months of 2024, the Regulated Businesses' net income was $815 million, compared to $783 million for the same period in 2023.

Operating revenues increased $124 million and $244 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of $346 million with $256 million from general rate cases and $90 million from infrastructure surcharges. The company has general rate cases in progress in seven jurisdictions and has filed for infrastructure surcharges in three jurisdictions, reflecting a total annualized revenue request of $375 million. Most of the additional authorized revenues in 2024 had effective dates in the second or third quarter of this year.

Operating expenses were higher by $63 million and $139 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023. Operating expenses were higher primarily due to an increase in employee related costs, as well as general taxes associated with increased capital investment, and increased production costs, which include higher purchased water cost and usage. Operating expenses also include depreciation expense, which was higher by $22 million and $54 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $15 million and $37 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023, to fund capital investments.

Dividends

On October 29, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on December 3, 2024, to shareholders of record as of November 12, 2024.

2024 Third Quarter Earnings Conference Call

The conference call to discuss third quarter 2024 earnings, 2025 earnings guidance, and long-term targets will take place on Thursday, October 31, 2024, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK), a large capitalization value company, is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and diluted earnings per share.

Non-GAAP Financial Measures

This press release includes a presentation of American Water's 2024 and 2025 earnings guidance ranges excluding the $0.10 per share of incremental interest income to be recognized from the amended HOS note. This presentation constitutes a "non-GAAP financial measure" under SEC rules. It is derived from American Water's consolidated financial information but is not presented in financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). This presentation supplements American Water's GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes this presentation is useful to American Water's investors because it excludes an item not reflective of its ongoing operating results and the presentation will allow investors to understand better the operating performance of American Water's regulated businesses. Although management will use this presentation internally to evaluate American Water's results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend this presentation to represent future results as defined by GAAP, and investors should not consider them as such. In addition, this presentation of guidance may not be comparable to similar presentations by other companies, and, accordingly, it may have significant limitations in its use.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 and 2025 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; the company's plans and efforts to protect and remediate its computer networks and systems following the company's October 3, 2024 cybersecurity incident, and the impacts of such incident on the company and/or its financial condition and results of operations; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems,

including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto, including with respect to the company's reported October 3, 2024 cybersecurity incident; 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 required regulatory 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; risks and uncertainties following the completion of the sale of the company's former HOS business, including the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,323	$ 1,167	$ 3,483	$ 3,202
Operating expenses:				
Operation and maintenance	496	436	1,339	1,248
Depreciation and amortization	200	177	581	523
General taxes	84	76	246	227
Other	—	—	(1)	(1)
Total operating expenses, net	780	689	2,165	1,997
Operating income	543	478	1,318	1,205
Other (expense) income:				
Interest expense	(132)	(117)	(387)	(342)
Interest income	22	23	71	52
Non-operating benefit costs, net	7	9	23	26
Other, net	13	14	31	37
Total other (expense) income	(90)	(71)	(262)	(227)
Income before income taxes	453	407	1,056	978
Provision for income taxes	103	84	244	205
Net income attributable to common shareholders	$ 350	$ 323	$ 812	$ 773
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.80	$ 1.66	$ 4.17	$ 4.03
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.80	$ 1.66	$ 4.17	$ 4.03
Weighted-average common shares outstanding:				
Basic	195	195	195	192
Diluted	195	195	195	192

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 33,940	$ 32,189
Accumulated depreciation	(6,933)	(6,751)
Property, plant and equipment, net	27,007	25,438
Current assets:		
Cash and cash equivalents	127	330
Restricted funds	40	34
Accounts receivable, net of allowance for uncollectible accounts of $50 and $51, respectively	453	339
Income tax receivable	7	86
Unbilled revenues	310	302
Materials and supplies	105	112
Other	195	186
Total current assets	1,237	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,119	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,143	1,143
Other	400	416
Total regulatory and other long-term assets	3,546	3,471
Total assets	$ 31,790	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,345,035 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,588	8,550
Retained earnings	2,172	1,659
Accumulated other comprehensive loss	(8)	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,362	9,797
Long-term debt	12,550	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,553	11,718
Total capitalization	22,915	21,515
Current liabilities:		
Short-term debt	215	179
Current portion of long-term debt	585	475
Accounts payable	259	294
Accrued liabilities	585	791
Accrued taxes	174	67
Accrued interest	129	93
Other	185	252
Total current liabilities	2,132	2,151
Regulatory and other long-term liabilities:		
Advances for construction	379	352
Deferred income taxes and investment tax credits	2,833	2,717
Regulatory liabilities	1,403	1,481
Operating lease liabilities	77	73
Accrued pension expense	243	262
Other	239	196
Total regulatory and other long-term liabilities	5,174	5,081
Contributions in aid of construction	1,569	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 31,790	$ 30,298

Exhibit 99.2

2024 Third Quarter Earnings & 2025 Outlook Conference Call

October 31, 2024

AMERICAN WATER

AMERICAN WATER

Aaron Musgrave
Vice President,
Investor Relations

FORWARD-LOOKING STATEMENTS

AMERICAN WATER

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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, as filed with the SEC on October 30, 2024.

Non-GAAP Financial Information

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

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John Griffith
President

Strong Third Quarter 2024 Results

*2024 EPS Guidance of $5.25 to $5.30 Affirmed**

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Earnings Per Share

☑ Q3/YTD Highlights

- ✓ 2024 Q3 EPS of $1.80 driven by higher revenue on increased rate base
  - Revenue increases from new effective rates driving stronger 2H 2024 financial results
  - Q3 2024 results include $0.03 of incremental interest income from amended HOS seller note
- ✓ New rates effective in 2024 in IN, WV, KY, PA and NJ; Rate cases in IL, TN, IA, MO, and HI progressing; Awaiting final orders in CA, VA
- ✓ Invested $2.0B in infrastructure improvements and acquisitions through Sept. 30; on track to invest $3.3B for the full year
- ✓ On October 29, completed the acquisition of the wastewater collection and treatment system assets of Butler Area Sewer Authority in Pennsylvania for $230 million, which added approximately 15,000 customer connections

** Includes $0.10 per share of incremental interest income from the seller note resulting from the 2021 sale of Homeowner Services Group (HOS) that was amended in early 2024.*

2025 Guidance Initiated, Long-Term Targets Affirmed

Strong and Sustainable Growth Outlook for the Future

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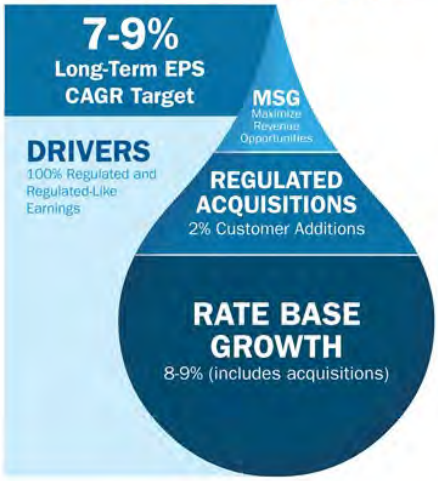
EPS GROWTH OUTLOOK



2025 EPS Guidance

Initiating 2025 Guidance at $5.65-5.75*

8% EPS Growth	Higher revenues from investments in rate base while proactively managing operating costs
over weather-normalized 2024 EPS guidance, midpoint to midpoint	

LONG-TERM FINANCIAL TARGETS

Drivers of Sustainable Shareholder Return

EPS Growth	Dividend Per Share Growth	Customer Affordability	Sustainability Leadership
7-9%	7-9%	+	+

Additional Supportive Targets

Dividend Payout Ratio	Debt to Capital
55-60%	<60%

** Includes $0.10 incremental interest from amended HOS seller note.*

EPS Guidance: Affirming 2024, Initiating 2025

Consistent Future Earnings Growth Within 7-9% Range

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2025 EPS Guidance

$5.65 - $5.75

Includes $0.10 incremental interest from amended HOS seller note

** On a weather-normalized basis; weather of $0.07 per share net favorable through 9/30/2024.*

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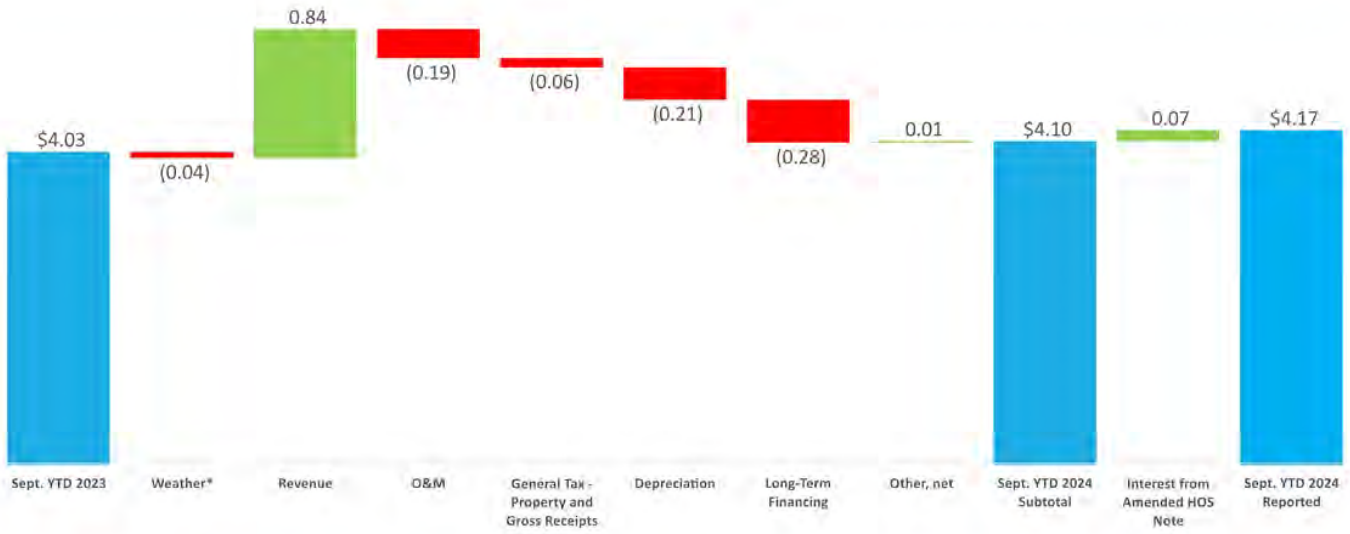
David Bowler

Executive Vice President &
Chief Financial Officer

Details of Year-To-Date 2024 EPS



** Includes weather of $0.07 per share net favorable in 2024 ($0.03 in Q2, $0.04 in Q3) and 0.11 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3).*

General Rate Case Update

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2024 Completed Rate Cases

State Subsidiary	Type	Additional Authorized Revenue	Rates Effective Date
Indiana	General	$25 million $23 million $18 million	February 21, 2024 May 10, 2024 May 2025
West Virginia	General	$25 million (Base Rates and DSIC)	February 25, 2024 March 1, 2024 (DSIC)
Kentucky	General	$11 million	May 3, 2024
Pennsylvania	General	$99 million	August 7, 2024
New Jersey	General	$80 million	September 15, 2024

Rate Cases in Progress

State Subsidiary	Filed	Capital Investment	Rates Expected Effective Date
Hawaii	8/2/24	$41 million	Mid-2025
Missouri	7/1/24	$1.1 billion	Mid-2025
Iowa	5/1/24	$157 million	Interim rates effective 5/11/24
Tennessee	5/1/24	$173 million	Early 2025
Illinois	1/25/24	$557 million	January 1, 2025
Virginia	11/1/23	$110 million	Interim rates effective 5/1/24
California	7/1/22	$462 million	2024-2026; Order expected Dec. 5, 2024, with rate retroactive back to 1/1/24

Considerations for 2025 Outlook

*Initiating 2025 EPS Guidance of $5.65 to $5.75***

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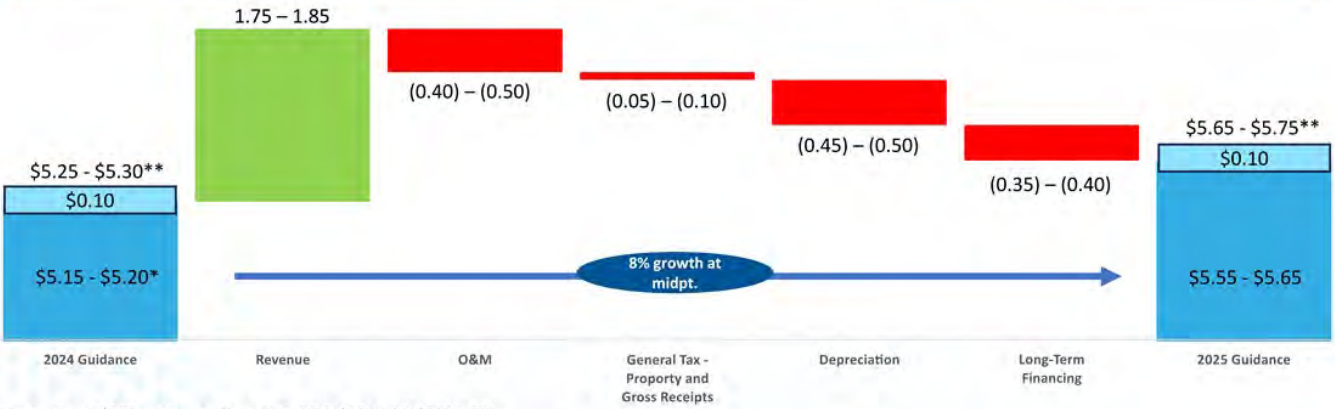
2025 Growth Drivers

- ✓ **8% EPS growth in 2025 (at midpoint) vs. 2024 on a weather-normalized basis**
- ✓ Revenue growth in base rates and in infrastructure mechanisms from capital investment
- ✓ Focus on customer affordability by continuing to drive effective and efficient cost management strategies
- ✓ Deliver cost effective financing while maintaining balance sheet strength and credit profile



** Excludes weather of $0.07 per share net favorable in 2024 ($0.03 in Q2, $0.04 in Q3).*
*** Includes $0.10 incremental interest from amended HOS seller note in 2024 and 2025.*

Continued Strong Balance Sheet & Credit Ratings

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AWK Long-Term Senior Unsecured Ratings

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

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

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

Total Debt to Total Capital

As of September 30, 2024	Long-Term Target
56%	<60%

Note: September 30, 2024 percentage shown is net of cash and cash equivalents of $127 million.

Consolidated Debt Maturity Profile

as of September 30, 2024 (Rounded)

Liquidity Profile

($ in millions rounded)

Available Liquidity as of 9/30/24

Revolving Credit Facility

- ✓ Credit Facility capacity of $2.75 billion
- ✓ Extended maturity to October 2029, effective October 28, 2024

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

Funding the 2025-2029 Capital Investment Plan

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($ in millions)

Financing Plan: 2025-2029	
Operating Cash Flows	$13,000
Debt Financing	$10,500
Equity Issuances	$2,500
Sale Proceeds (HOS)	$795
Total Sources:	~$27 Billion

- **$2.5B equity issuance in 2025-2029 plan, driven by capital investment needs and consistently achieving <60% debt to cap target**
  - Includes $1.0 billion equity financing from prior plan, plus an additional $1.5 billion near end of plan, to support growth in the business; issuances are subject to market conditions
  - Uses of funds: primarily ~$17-18 billion of capital investments, ~$4.5 billion of LTD maturities, and dividends
  - **Current 2025 financing plan includes $1.5-2.0B of long-term debt financing; does not include any equity 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

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Cheryl Norton

Executive Vice President &
Chief Operating Officer

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

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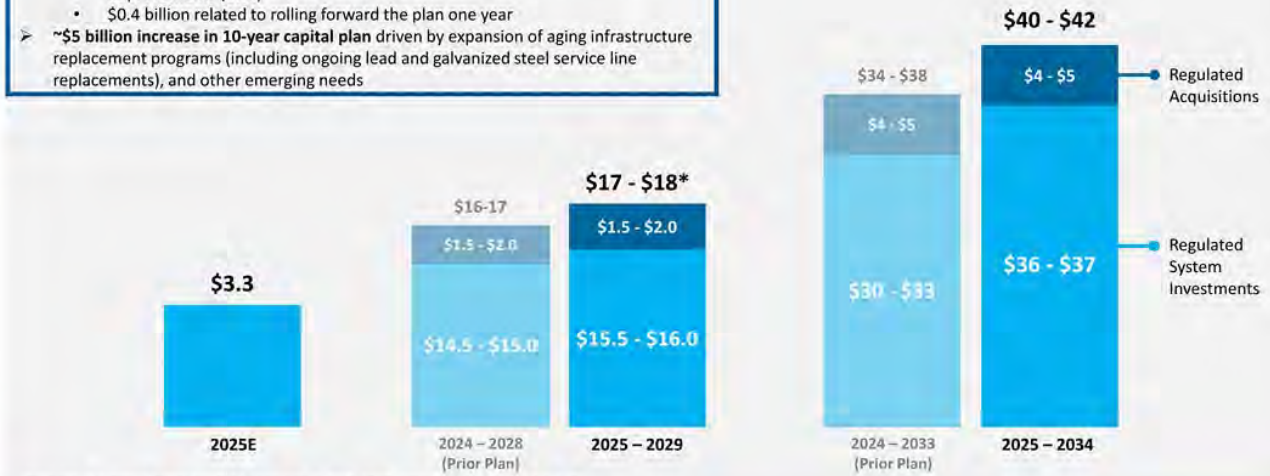
Capital Plan ($ in billions)

- **~$1 billion increase in 5-year capital plan**
  - $0.6 billion to meet compliance requirements for EPA's Lead & Copper Rule Improvements (LCRI)
  - $0.4 billion related to rolling forward the plan one year
- **~$5 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 ~$1 billion related to PFAS, primarily in 2026-2028; and ~$1 billion related to LCRI.

Timely Recovery of Capital Investments

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

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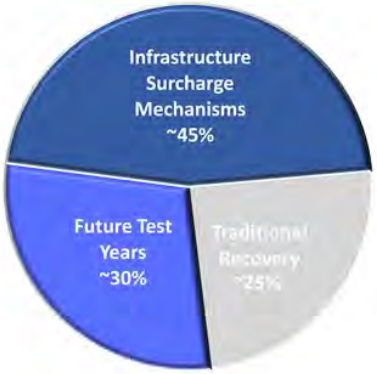
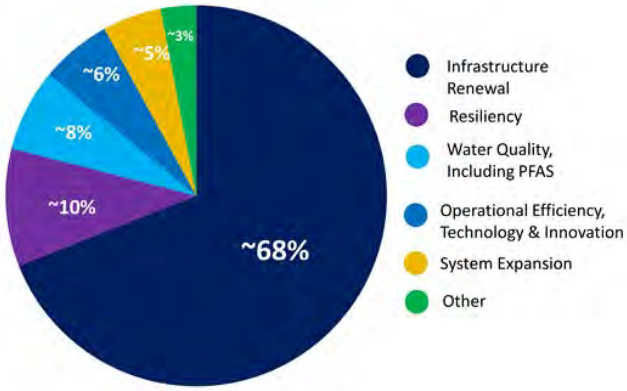
Capital Recovery Outlook



Capital by Purpose (2025-2034)



Investments Drive Continued Rate Base Growth

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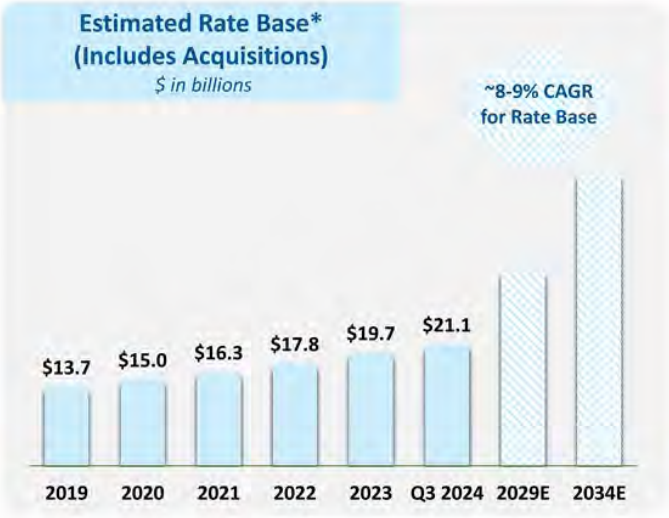

Estimated Rate Base*

	As of 9/30/2024
Net Utility Plant	$26.9
Less	
Advances for Construction	$0.4
CIAC – Contributions in Aid of Construction	$1.6
Net Deferred Income Taxes	$3.8
	$5.8
Total Estimated Rate Base	**$21.1**

Note: annual rate base totals include New York American Water through 2021. New York's 2021 rate base was $0.5 billion.
** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

Continued Focus on Customer Affordability

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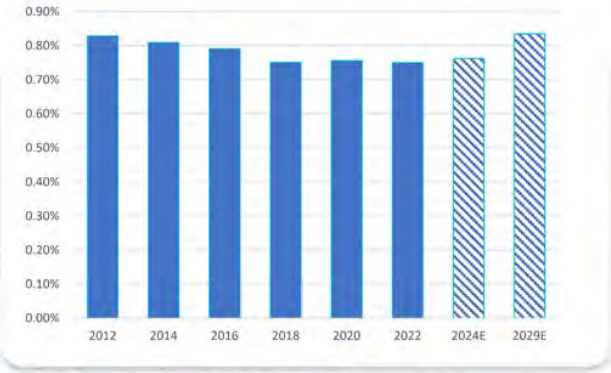
Residential Water Bill as % of Median Household Income*



Spotlight on Affordability

- Pennsylvania American Water recently expanded its H2O Help to Others program, to include customers with household incomes up to 250% of the Federal Poverty Income Guideline. An estimated additional 55,000 customers will now be eligible for discounted service.

Values Around Affordability

- Focused on keeping customer bills affordable compared to income (wallet share)
  - Goal for AW **average** residential water customer bills: 1% or less of median household income
- Continue to promote and advocate for low-income customer assistance tariffs and programs in each State
- Advocating for a permanent, federal Low Income Household Water Assistance Program (LIHWAP)
- Supportive of consolidated tariffs in each State that allow customers to benefit from efficiencies of scale

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

$349 Million of Acquisitions Closed through Oct.

Growing Acquisition Pipeline, Balanced Across Many States

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Closed
As of September 30, 2024

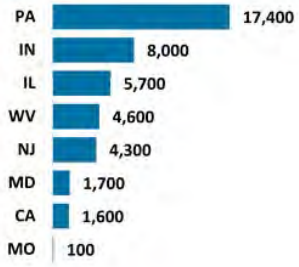
~33,400 Customer Connections
5 Acquisitions in 3 States, $119M

Butler Area Sewer Authority, PA
Wastewater

- Amended $230 million purchase price
- ~15,000 equivalent customer connections
- **Closed on October 29, 2024**

Under Agreement*
As of October 30, 2024

~43,400 Customer Connections
22 Acquisitions in 8 States, $169M



Silver Creek, IN
Water

- $45 million purchase price
- ~8,000 equivalent customer connections
- Received regulatory approval on September 5, 2024; closing expected mid-November 2024

More than 1.5 Million Customer Connections in Pipeline

** Excludes Towamencin Township's Wastewater System, the sale of which was terminated on October 15, 2024; represented $104 million and 6,300 customers.*

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M. Susan Hardwick

Chief Executive Officer

Investing in AWK as a Premium, Pure-Play U.S. Regulated Water and Wastewater Utility

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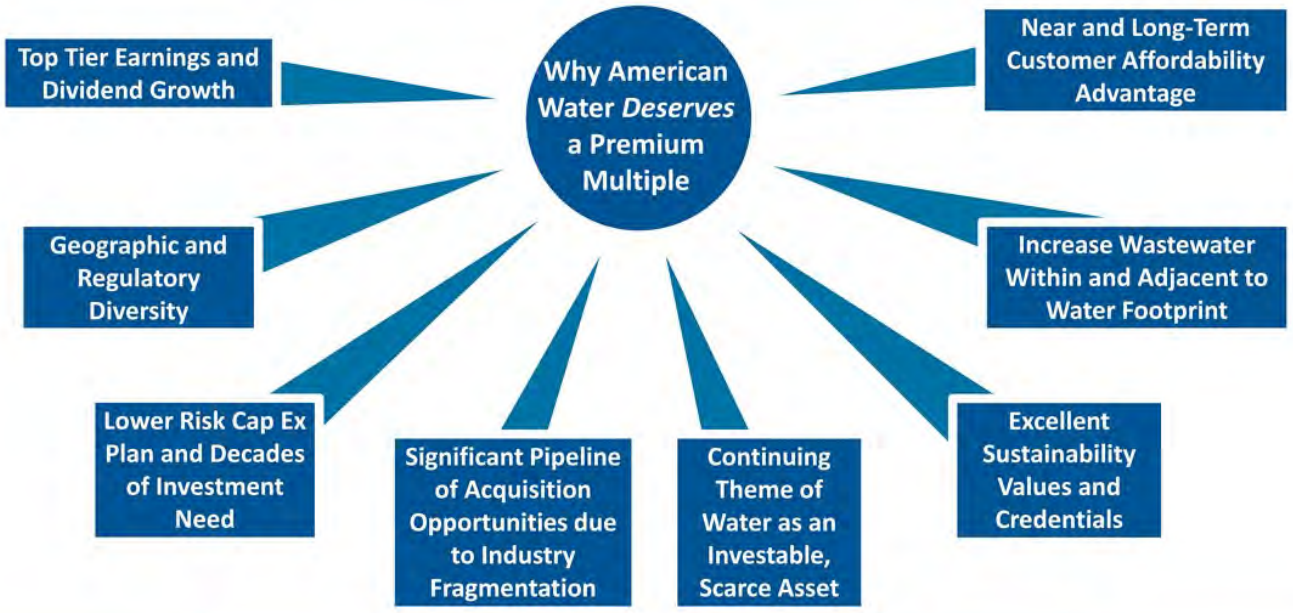

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Q&A Session

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UPCOMING EVENTS

EEI Financial Conference	November 10-12, 2024
Q4 2024 & Year-End Earnings Call	February 20, 2025 (projected)

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Appendix

Forward Looking Statements

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Certain statements made, referred to or relied upon in this presentation including, without limitation, 2024 and 2025 earnings guidance, the Company's long-term financial, growth and dividend targets, the ability to achieve the Company's strategies and goals, customer affordability and acquired customer growth, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures and its 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 or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, 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, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; the company's plans and efforts to protect and remediate its computer networks and systems following the company's October 3, 2024 cybersecurity incident, and the impacts of such incident on the company and/or its financial condition and results of operations; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto, including with respect to the company's reported October 3, 2024 cybersecurity incident; 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 required regulatory 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; risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due, and the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the Company's operations; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's ability to maintain safe work sites; the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this presentation. American Water does not have 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, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

2024 and 2025 Earnings Guidance (Non-GAAP)

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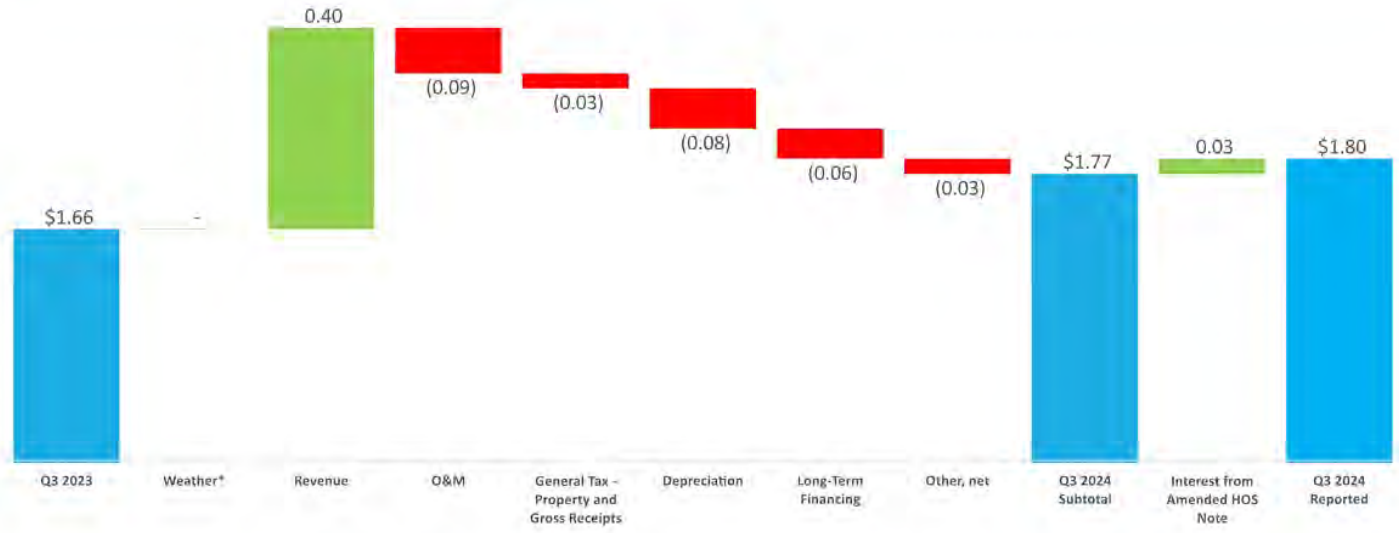
This presentation includes a description of American Water's 2024 and 2025 earnings guidance ranges, and its expected 2024 dividend payout ratio, excluding the incremental $0.10 per share of interest to be recognized from the amended HOS seller note. This information would constitute "non-GAAP financial measures" under SEC rules. They are derived from American Water's consolidated financial information but are not presented in financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). This information supplements American Water's GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes this information is useful to American Water's investors because it excludes an item not reflective of its ongoing operating results and the presentation will allow investors to understand better the operating performance of American Water's regulated businesses. Although management will use this information internally to evaluate American Water's results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend this information to represent future results as defined by GAAP, and investors should not consider it as such. In addition, this information may not be comparable to similar presentations by other companies, and, accordingly, it may have significant limitations in its use.

Details of Third Quarter 2024 EPS



** Includes weather of $0.04 per share net favorable in 2024 and $0.04 per share net favorable in 2023.*

2024 EPS Guidance of $5.25 to $5.30 Affirmed at Top Half of Previous Range

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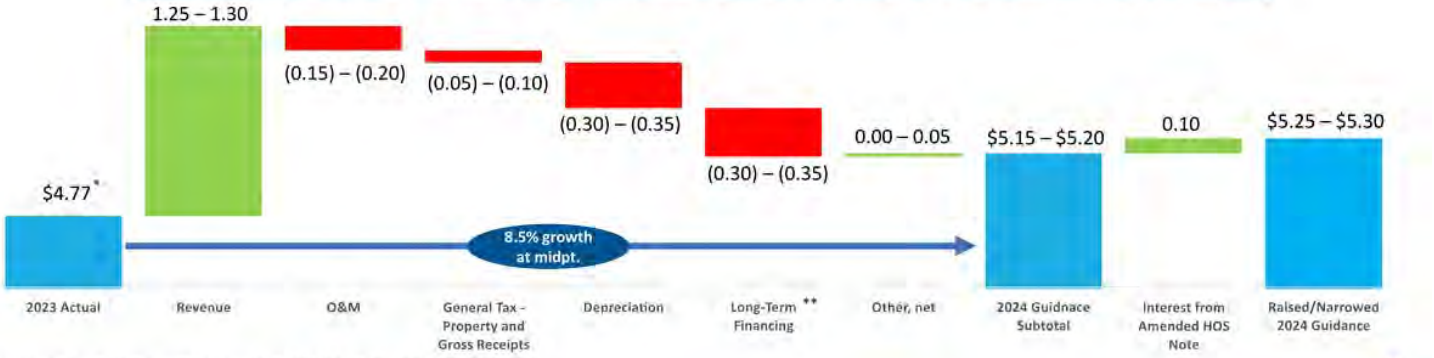
2024 Outlook

- ✓ **Continue to expect 8.5% EPS growth in 2024 (at midpoint) vs. 2023 on a weather-normalized basis as a result of lower than expected declines in customer usage**
  - **Incremental $0.10 per share of interest income is additive annually in 2024-2026**
- ✓ Revenue growth in base rates and in infrastructure mechanisms driven by capital investment
- ✓ Focus on customer affordability by continuing to drive effective and efficient cost management strategies
- ✓ 2024 EPS guidance was raised in February by $0.10 to reflect the Feb. 2024 amendment of the note receivable related to the Dec. 2021 sale of HOS and successful earn-out of $75M contingent consideration



** Excludes weather of $0.13 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3, $0.02 in Q4).*
*** Reflects ($0.06) per share of share count dilution.*

Top Tier Dividend Growth Continued in 2024

8.1% Increase Aligns with Long-Term Target

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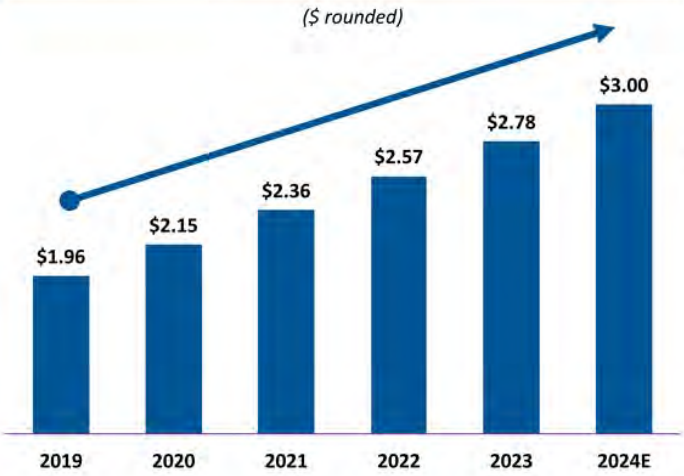
AWK's Strong and Consistent Dividend Growth*



Total Dividend Payout Ratio

Projected as of December 31, 2024
58%

Long-Term Target
55-60%

Note: Annual 2024 cash dividends per share of $3.00 over weather-normalized 2024 EPS guidance midpoint of $5.18, which excludes the $0.10 incremental interest from amended HOS seller note. Projected dividend payout ratio would be 57% including such incremental interest.

** Future dividends are subject to approval of the American Water Board of Directors.*

Successfully Completed 2024 Financing Plan

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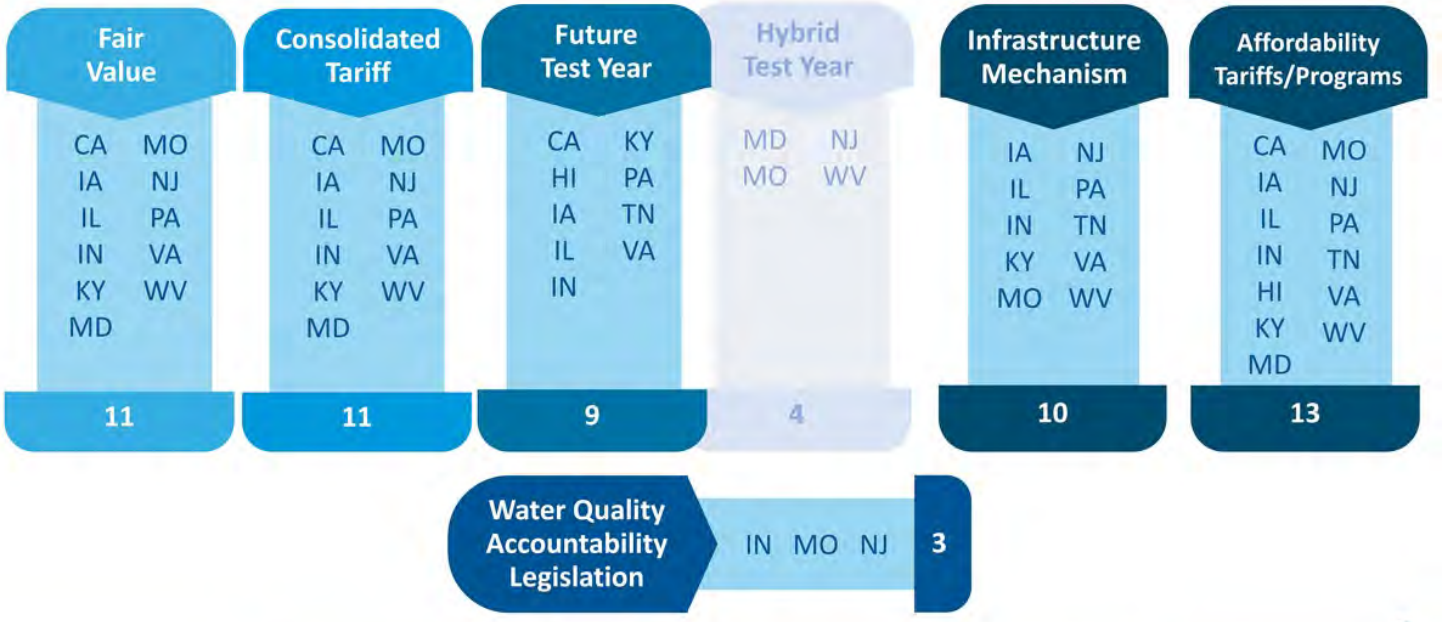
- ☑ Successfully completed our long-term debt financing for the year with issuance of Senior Notes
- ☑ **Issuance demonstrates effective execution in a challenging interest rate environment to fund growth and manage financing costs**

Successfully Executed $1.4 Billion Senior Note Offering	
Issuer	American Water Capital Corp.
Pricing Date	February 20, 2024
Tenor	10yr & 30yr Senior Unsecured
Size	$700M & $700M
Annual Interest Rate	5.15% & 5.45%

State Legislation & Regulation Enable Growth

AMERICAN WATER



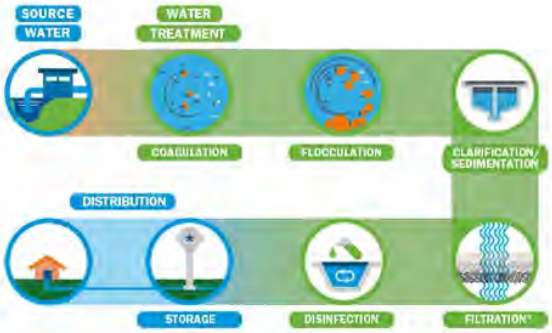
U.S. EPA PFAS Rule Announced on April 10, 2024

Largely unchanged from proposed rule

AMERICAN WATER

Final Federal PFAS Rule Recap

- Drinking water limits of 4.0 parts per trillion (ppt) for PFOA and PFOS unchanged vs. proposed rule
  - Limits set for three additional PFAS
- Five years to comply versus three years in the proposed rule (2029 versus 2027)
- U.S. EPA designated PFOA and PFOS as hazardous substances under CERCLA through a separate rulemaking in April. The Company is actively advocating and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS.
- **American Water's estimates ~$1B of capital and up to ~$50M annually for operating expenses**



PFAS Litigation Recap

- American Water is a party to the Multi-District Litigation (MDL) lawsuit against several PFAS manufacturers.
- In Dec. 2023, we decided to remain a party to two settlements, which we believe is the best path for our customers.
  - In Feb. and Mar. 2024, the MDL court approved settlements with DuPont and 3M, respectively; the amount of proceeds to be received from each settlement is pending.

Lead Service Lines Remain in Focus

AMERICAN WATER

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

- On October 8, 2024, the United States Environmental Protection Agency (EPA) announced final Lead and Copper Rule Improvements (LCRI).
- The LCRI includes requirements related to (1) achieving lead replacement by the end of 2037, 10 years from the Compliance Date; (2) locating legacy lead pipes; (3) improving tap water sampling; (4) lowering the lead action level; and (5) strengthening protections to reduce exposure.
- American Water consistently meets water quality standards related to the lead and copper rules across our footprint and believes removing the risk of lead service lines over time is the right thing to do for the health and safety of our customers.
- Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important next step in eliminating lead service lines.
- We believe all stakeholders must understand the costs associated with the proposed improvements to the Lead and Copper Rule and that the EPA estimates are likely understated. The cost to identify the material of all unknown service lines and replace all lead service lines and galvanized lines, where needed, by 2037 will require significant investment for all water systems.

Utility-owned vs. Customer-owned Portion of the Service Line

Please note: This diagram is a generic representation. Variations may apply.

- American Water is in the process of reviewing the specific requirements of the LCRI to determine capital expenditures and operating costs. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

Military Services Group Provides Strategic Value

AMERICAN WATER

Military Services Group

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

Currently Serving 18 Military Installations

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

70 Additional Installation Opportunities

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

Closed Acquisitions

AMERICAN WATER

September 30, 2024

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
New Jersey	2	2,300	2,300	4,600
Virginia	2	1,400	1,400	2,800
Illinois	1	-	26,000	26,000
Total	5	3,700	29,700	33,400

Oct. 1 – Oct. 30, 2024

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	1	-	15,000	15,000
Total	1	-	15,000	15,000

Acquisitions Under Agreement

AMERICAN WATER

October 30, 2024

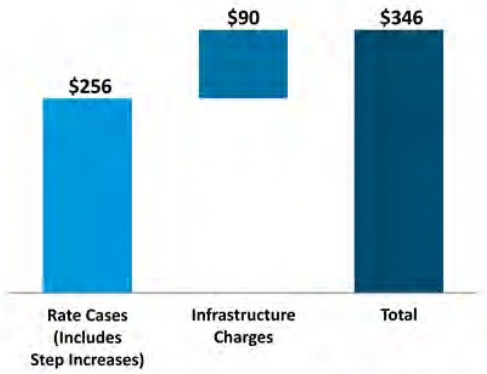
STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	12	8,300	9,100	17,400
California	4	1,600	-	1,600
Indiana	1	8,000	-	8,000
Illinois	1	-	5,700	5,700
West Virginia	1	-	4,600	4,600
New Jersey	1	-	4,300	4,300
Maryland	1	1,700	-	1,700
Missouri	1	100	-	100
Total	22	19,700	23,700	43,400

Annualized Revenue from Rate Proceedings

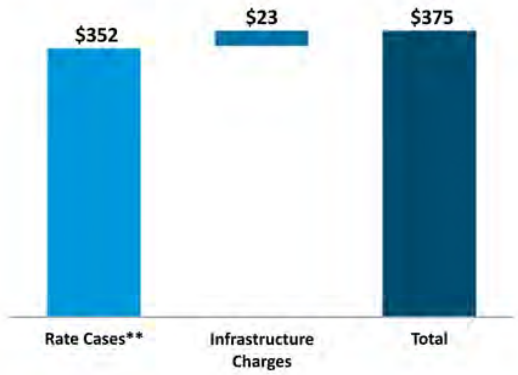
AMERICAN WATER

($ in millions)

Rate Filings Completed*
Effective since January 1, 2024



Requested Revenue in Pending Rate Proceedings



** Annualized revenue increase for rates effective since January 1, 2024*
*** Excludes revenue already approved through infrastructure mechanisms*

Rates Effective Since...

AMERICAN WATER

January 1, 2024

($ in millions)

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases
Indiana, Step Increase	2/21/2024	$25[a]
West Virginia	2/25/2024	18[b]
Kentucky	5/3/2024	11[c]
Indiana, Step Increase	5/10/2024	23[a]
Pennsylvania	8/7/2024	99[d]
New Jersey	9/15/2024	80[e]
	Sub-Total	**$256**

Infrastructure Charges	Date Effective	Annualized Revenue Increases
Illinois (QIP)	1/1/2024	$5
Missouri (WSIRA)	1/20/2024	26
West Virginia (DSIC/WSIC)	3/1/2024	7[b]
Iowa (QIP)	3/1/2024	1
Pennsylvania (DSIC)	4/1/2024	7
New Jersey (DSIC)	4/30/2024	9
Pennsylvania (DSIC)	7/1/2024	14
Missouri (WSIRA)	7/11/2024	21
	Sub-Total	**$90**
	Total	**$346**

a) The Company's Indiana subsidiary was authorized annualized revenues of $24.96 million for Step 1, this excludes the $40.5 million for infrastructure surcharges. This excludes the Step 2 rate increase which became effective May 10, 2024 in the amount of $22.5 million and Step 3 rate increase which will be effective in May 2025 in the amount of $18.8 million. The total revenue requirement for the three step rate case cycle is $66.3 million.

b) The Company's West Virginia subsidiary was authorized additional annualized revenues of $18.4 million, excluding the reductions in revenues for infrastructure surcharges in the amount of $6.9 million. After clarification, the Commission directed the Company to interpret the DSIC Order as having included the amortization within the DSIC, which increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

c) On May 3, 2024, the Company's Kentucky subsidiary was authorized additional annualized revenues of $10.6 million. Interim rates were effective February 6, 2024, and the difference between interim and final Commission approved rates are subject to refund with interest no later than August 26, 2024. On May 16, 2024, the Company's Kentucky subsidiary filed a petition requesting a rehearing of the Commission's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the Commission's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary, which if adjusted would produce annual revenues of $18.1 million. The petition for rehearing also requested that any revisions become effective February 6, 2024, with any difference between the adjusted amount and initial approved rates subject to refund or collection. On May 28, 2024, the Commission granted the rehearing request, and the Company expects resolution of this proceeding later in 2024.

d) The Company's Pennsylvania subsidiary has authorized additional annualized revenues of $99.3 million, excluding reductions in revenues for infrastructure surcharges in the amount of $19.65 million.

e) The Company's New Jersey subsidiary has authorized additional annualized revenues of $79.5 million, this excludes the $41.9 million for infrastructure surcharges.

Pending Rate Case Filings

AMERICAN WATER

($ in millions)

Rate Cases Filed	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
California [a]	Case No. A.22-07-001	7/1/2022	$37	NA	$921
Illinois [c]	Docket No. 24-0097	1/25/2024	140	10.75%	2,215
Iowa [d]	Docket No. RPU-2024-0002	5/1/2024	21	10.75%	258
Tennessee [e]	Docket No. 24-00032	5/1/2024	14	10.75%	305
Missouri [f]	Docket No. WR-2024-0320	7/1/2024	123	10.75%	3,185
Hawaii	Docket No. 2024-0038	8/2/2024	2	10.67%	53
Rate Case Awaiting Regulatory Approval		**Sub-Total**	$337		$6,937
Virginia [b]		11/1/2023	$15		
Infrastructure Surcharges Filed			$15		
West Virginia (DSIC/WSIC)		6/28/2024	$4		$44
Kentucky (QIP)		8/30/2024	2		21
Missouri (WSIRA)		9/3/2024	17		151
		Sub-Total	$23		$216
		Total	$375		$7,153

a) The Company's California subsidiary has requested additional annualized revenues of $56.8 million for test year 2024. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $19.5 million and $19.8 million. The total revenue requirement request, based on present rates effective at the time of filing, for the three year rate case cycle is $95.1 million. The Company updated its filing in January 2023 to incorporate a decoupling proposal, the revised requested additional annualized revenues for the test year 2024 is $36.5 million. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20.1 million and $19.8 million. The total revenue requirement request for the three year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76.4 million. On August 27, 2024, a proposed decision was issued in the proceeding which, among other provisions, recommended adoption by the CPUC of the partial settlement agreement, recommended denial of the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism, and its currently effective Annual Consumption Adjustment Mechanism. On September 16, 2024, and September 23, 2024, the California subsidiary submitted comments in the proceeding continuing to support its position and recommending the CPUC revise the proposed decision to approve the Water Resource Sustainability Plan decoupling mechanism and maintain the Annual Consumption Adjustment Mechanism. The CPUC will consider the proposed decision and all responsive comments and will issue a final decision in the proceeding, which has been held to December 5, 2024

b) 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 filed a stipulation of settlement which agreed upon a $14.6 million annualized increase in revenues. The stipulation includes a 9.7% return on equity and a capital structure with 45.67% equity and 54.33% debt and other components.

c) In its rebuttal filing on June 20, 2024, the Company's Illinois subsidiary updated its filed position, with a request for additional annualized revenues of $139.9 million, this excludes $5.1 million for infrastructure surcharges. This also excludes the proposed step 2 rate increase proposed to be effective in Jan 2026 in the amount of $15.7 million. The total revenue requirement request, based on present rates effective at the time of filing, for the two step rate case cycle is $155.6 million. The Company's original filed position was a request for additional annualized revenues of $131.6 million for Step 1 and $15.7 million for Step 2, excluding infrastructure surcharges, totaling $147.3 million.

d) The Company's Iowa subsidiary has requested additional annualized revenues of $20.8 million, this excludes the $0.9 million for infrastructure surcharges.

e) The Company's Tennessee subsidiary has requested additional annualized revenues of $14.1 million, this excludes the $17.5 million for infrastructure surcharges.

f) The Company's Missouri subsidiary had originally requested additional annualized revenues of $148.1 million to recover investment through May 2026; this excludes $47.5 million for infrastructure surcharges. After the original filing, the Commission issued an Order establishing the test year to include true-up through December 31, 2024, and allowing parties to propose adjustments through May 2025. In response, the Company has filed Supplemental Testimony which revises the Company's revenue request to $123.2 million; this excludes $47.5 million for infrastructure surcharges.

Regulatory Information – Top 10 States

AMERICAN WATER

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	$667,632[a]	$1,642,200	$1,723,927	$489,426	$2,318,849[c]
ROE	10.20%[a]	9.78%	9.65%	9.70%	9.75%[d]
Equity	57.04%[a]	49.00%	54.77%[b]	52.22%	50.00%[e]
Effective Date of Rate Case	1/1/2021[g]	1/1/2023	5/10/2024	5/3/2024[h]	5/28/2023

	NEW JERSEY	PENNSYLVANIA	TENNESSEE	VIRGINIA	WEST VIRGINIA
Authorized Rate Base*	$5,050,637	$5,823,752	$132,015	$275,038[c]	$886,313
ROE	9.60%	9.45%	10.00%	9.70%	9.80%
Equity	55.00%	55.30%	34.38%	40.73%	50.12%
Effective Date of Rate Case	9/15/2024	8/7/2024	11/1/2012	4/24/2023[f]	2/25/2024

**Rate Base stated in $000s*

a) On June 29, 2023, Decision 23-06-025 set the authorized cost of capital through 2024. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding. The decision established an ROE of 8.98% effective 30-days after the decision date. On June 30, 2023, the Company filed to implement an automatic ROE adjustment to 9.50% for 2023 based on the Commission approved Water Cost of Capital Adjustment Mechanism (WCCM), which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, California American Water filed a request to increase the ROE to 10.2% for 2024, which was approved on November 15, 2023, effective January 1, 2024.
b) The Authorized Equity excludes cost-free items or tax credit balances at the overall rate of return which lowers the equity percentage as an alternative to the common practice of deducting such items from rate base.
c) The Authorized Rate Base listed is the Company's view of the Rate Base allowed in the case; the Rate Base was not disclosed in the Order or the applicable settlement agreement.
d) The ROE is the Company's view of the ROE allowed in the case; however, the ROE was not disclosed in the Order or the applicable settlement agreement.
e) The equity ratio listed is the Company's view of the equity ratio allowed in the case; the actual equity ratio was not disclosed in the Order or the applicable settlement agreement.
f) Interim rates were effective May 1, 2022 and received final Order April 24, 2023.
g) The Rate Base and Effective date are based off of Year 1 of the rate case. Annual adjustments are made for Year 2 and 3 which reflect authorized capital improvements for Rate Base and inflationary adjustments for O&M.
h) Interim rates were effective February 6, 2024, and final order was received May 3, 2024. Rehearing request is currently pending.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 4, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

New Jersey Board of Public Utilities ("NJBPU") Approval of Settlement in New Jersey-American Water Company, Inc. ("New Jersey American Water") General Rate Case

On September 4, 2024, the NJBPU issued an order (the "Order") approving without modification the stipulation of settlement (the "Stipulation") of a general rate case filed on January 19, 2024 by New Jersey American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), seeking approximately $161.7 million of increased annualized water and wastewater revenues. The Stipulation was entered into on August 12, 2024 with the staff of the NJBPU and the New Jersey Division of Rate Counsel. The Order approves a $79.5 million annualized increase in New Jersey American Water's water and wastewater revenues, effective as of September 15, 2024, based on (i) an authorized return on equity ("ROE") of 9.6%, (ii) an authorized rate base of $5.05 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%, compared to an authorized ROE of 9.6%, authorized rate base of $4.15 billion, a common equity ratio of 54.56% and a long-term debt ratio of 45.44%, all as approved in New Jersey American Water's last general rate case in 2022. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since that last general rate case. New Jersey American Water will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other post-employment benefits (OPEB) expense and those amounts included in base rates.

A copy of the press release issued by New Jersey American Water on September 4, 2024 to announce the issuance of the Order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated September 4, 2024, issued by New Jersey American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: September 4, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

NEW JERSEY AMERICAN WATER

New Jersey American Water Granted New Rates by New Jersey Board of Public Utilities

Increase Driven by System Investments; New Affordability Tariff Approved

CAMDEN, N.J. (September 4, 2024) – The New Jersey Board of Public Utilities (BPU) today approved a settlement between New Jersey American Water and the N.J. Division of Rate Counsel and BPU Staff for new water and wastewater rates for New Jersey American Water. The approved rates represent a total annualized revenue increase of approximately $79.5 million.

The company's rate request was filed on January 19, 2024, and was primarily driven by more than $1.3 billion in infrastructure investment in treatment system and distribution upgrades since its last rate filing.

"We are committed to making appropriate investments to continue to provide safe, reliable services, while maximizing efficiencies to balance the impact to customers," said Mark McDonough, President, New Jersey American Water. "Our effective capital planning helps keep water and wastewater services compliant with state and federal regulations, reliable amidst the challenges of climate and other impacts, and affordable for the 2.9 million people we serve."

The new rates will become effective September 15, 2024. With the approved rate increase, the average bill for most water customers with a 5/8" meter using 5,642 gallons per month will increase approximately $5.33 per month. The bill for an average wastewater customer will increase approximately $5.68 per month, depending on the service area. Even with

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with Large Water Utilities in the Northeast Region and #1 in Trust
For J.D. Power 2024 award information, visit jdpower.com/awards

Press Release

NEW JERSEY AMERICAN WATER

the new rates, the cost of high-quality, reliable, water and wastewater service will remain among the lowest household utility bills.

The company's proposed Universal Affordability Tariff was also approved as part of this rate filing and will be incorporated into the company's H2O Help to Others assistance program. Underscoring the company's commitment to affordability, this new tariff will provide discounts on both the monthly fixed service charge and the monthly usage charge for income-eligible customers. More information about this and other assistance programs can be found at www.newjerseyamwater.com under Customer Service & Billing, Bill Paying Assistance.

Customers will receive information about the new rates in their next New Jersey American Water bill. Information will also be available on the company's website at www.newjerseyamwater.com under Customer Service & Billing, Your Water and Wastewater Rates, or by calling 800-272-1325, Monday through Friday, 7 a.m. to 7 p.m.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About New Jersey American Water
New Jersey American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.9 million people. For more information, visit www.newjerseyamwater.com and follow New Jersey American Water on LinkedIn, Facebook, X, and Instagram.

Media Contact:
Denise Venuti Free
Senior Director of Communications and External Affairs
New Jersey American Water
denise.free@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 19, 2024

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

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☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Stipulation of Settlement of Virginia-American Water Company ("Virginia American Water") General Rate Case

On September 20, 2024, Virginia American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement (the "Stipulation") entered into on September 19, 2024, with the staff of the SCC, the Office of the Attorney General's Division of Consumer Counsel, and several intervenors, with respect to a general rate case filed by Virginia American Water on November 1, 2023, seeking $19.7 million of increased annualized water and wastewater revenues. The parties to the Stipulation have agreed to a $14.6 million annualized increase in Virginia American Water's revenues. The parties to the Stipulation have also agreed, solely for purposes of Virginia American Water's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity ("ROE") will be 9.7% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The ROE approved in Virginia American Water's 2023 rate case order was 9.7%, the approved equity component was 40.73% and the approved debt and other component was 59.27%. The annualized revenue increase is being driven primarily by approximately $110.0 million in capital investments to be made between May 2023 and April 2025. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The Stipulation remains subject to SCC review and approval.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the components of the general rate case reflected in any final order of the SCC; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Virginia American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Virginia American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Virginia American Water's business, 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: September 20, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 26, 2024

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Pennsylvania Commonwealth Court Dismisses Appeals of the Pennsylvania Public Utility Commission's (the "PaPUC's") Order Approving the Acquisition of Butler Area Sewer Authority's Wastewater Assets

On September 26, 2024, the Pennsylvania Commonwealth Court issued an order (the "Order") dismissing the appeals of Center Township and Summit Township, which sought to reverse the PaPUC's order, dated November 9, 2023, approving the acquisition (the "Acquisition") of the public wastewater collection and treatment system assets (the "System Assets") of the Butler Area Sewer Authority by Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"). While the Order remains subject to possible additional challenges, Pennsylvania American Water is moving forward to close the Acquisition expeditiously.

As previously disclosed, on November 9, 2023, the PaPUC approved a settlement agreement without modification with respect to Pennsylvania American Water's application to acquire the System Assets for a purchase price of $230 million. On December 14, 2023, Center Township and Summit Township filed appeals with the Pennsylvania Commonwealth Court challenging the Acquisition. The System Assets provide wastewater service to approximately 15,000 customer connections including in the City of Butler, parts of the Borough of East Butler, and parts of the Townships of Butler, Center, Connoquenessing, Summit and Oakland.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the ability of Pennsylvania American Water to complete the steps necessary to close the Acquisition; (2) any further appeal of or challenge to the Commonwealth Court's order or the Acquisition; (3) the timing of the closing of the Acquisition; (4) the occurrence of the benefits and synergies expected or predicted to occur as a result of the completion of the Acquisition; (5) unexpected costs, liabilities or delays associated with the Acquisition or integration of the System Assets; (6) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Pennsylvania American Water or the Company; and (7) other economic, political, business and other factors.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: September 27, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On April 26, 2023, the Company issued a press release announcing its financial results for the first quarter ended March 31, 2023. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in this Current Report, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated April 26, 2023, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: April 26, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

April 26, 2023

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
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Media Contact:
Maureen Duffy
Senior Vice President, Communications and External Affairs
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AMERICAN WATER REPORTS STRONG FIRST QUARTER 2023 RESULTS AFFIRMS 2023 GUIDANCE AND LONG-TERM TARGETS

- **First quarter 2023 earnings of $0.91 per share, compared to $0.87 per share in 2022**
- **2023 earnings per share guidance range of $4.72 to $4.82 affirmed, long-term targets also affirmed**
- **Invested $538 million in the first three months of the year; total capital plan on track to invest approximately $2.9 billion in 2023**
- **Sold 12,650,000 shares of common stock on March 3, 2023, for net proceeds of approximately $1.7 billion**
- **Announced agreements to purchase the assets related to the wastewater system of Towamencin Municipal Authority in Pennsylvania for a purchase price of $104 million and the wastewater treatment plant from Granite City in Illinois for a purchase price of $83 million**
- **Published the 2022 Environmental, Social and Governance Data Summary and the Inclusion, Diversity & Equity Summary, part of the Company's commitment to data transparency and sharing timely information on key ESG and diversity metrics**

CAMDEN, N.J., April 26, 2023 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended March 31, 2023, of $0.91 per share, compared to $0.87 per share in 2022.

"We're off to a great start to the year," said M. Susan Hardwick, president and CEO of American Water. "Our investments in infrastructure and our success signing new purchase agreements for regulated acquisitions has set the stage well for achieving our expected growth in 2023 and beyond."

"We also successfully executed the 2023 planned equity issuance in March. In total $1.7 billion was issued, reflecting an upsized offering made possible by very strong demand for our securities. We are very pleased with the interest by investors in the company, both existing and new shareholders. Having the issue completed allows us to be very focused on executing on our plan. With this action and solid first quarter results, we are on track to meet our 2023 objectives," said Hardwick.

2023 EPS Guidance and Long-Term Financial Targets Affirmed

The Company affirms its 2023 earnings per share guidance range of $4.72 to $4.82. The Company also affirms its long-term financial targets for the 2023-2027 period announced in Nov. 2022, including its long-term EPS and dividend growth rate targets of 7-9%. The Company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC"). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three months ended March 31, 2023, earnings per share were $0.91, compared to $0.87 per share in the same period in 2022. These increases were primarily driven by the implementation of new rates in the Regulated Businesses for the recovery of capital and acquisition investments, offset somewhat by impacts from inflationary pressures on production costs and higher interest costs since mid-2022. Approximately 75% of the estimated impact of inflation on chemicals, power and other fuel, and from higher pension costs and interest rates, are reflected in higher revenues in 2023 from rate cases recently completed.

The Company is on track to meet its capital investment plan for the year with investments of $538 million in the first three months of 2023, including $532 million for infrastructure improvements and replacements in the Regulated Businesses. The Company plans to invest a total of approximately $2.9 billion across its footprint in 2023, including approximately $0.4 billion for acquisitions. As of March 31, 2023, the Company had $481 million of acquisitions under agreement, including Pennsylvania American Water's agreement announced in March 2023 to purchase the wastewater system assets of Towamencin Township for $104 million. In addition, in April 2023, Illinois American Water announced an agreement to purchase the assets of the wastewater treatment plant from Granite City for $83 million, adding further to the Company's acquisitions under agreement.

Regulated Businesses

In the first quarter of 2023, Regulated Businesses' net income was $174 million, compared to $160 million for the same period in 2022.

Operating revenues increased $82 million for the three months ended March 31, 2023, as compared to 2022. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

To date, the Company has been authorized additional annualized revenues of approximately $229 million from general rate cases in 2023. Further, approximately $50 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective in 2023. The Company has general rate cases in progress in three jurisdictions, and has filed for infrastructure surcharges in two jurisdictions, reflecting a total annualized revenue request of approximately $144 million.

Operation and maintenance ("O&M") expenses were higher by $15 million for the three months ended March 31, 2023, as compared to 2022, primarily due to increases in production costs from inflationary pressures that began to accelerate in mid-2022. Depreciation expense was higher by $14 million in the same period due to the growing capital investment. Also, interest expense was higher by $17 million due to additional long-term debt and higher rates on short-term debt.

For the 12-month period ended March 31, 2023, the Company's adjusted regulated O&M efficiency ratio (a non-GAAP financial measure) was 33.6%, compared to 33.9% for the 12-month period ended March 31, 2022. The ratio reflects an increase in operating revenues for the Regulated Businesses, after considering the adjustment for the amortization of the excess accumulated deferred income taxes ("EADIT") shown in the table below, as well as the continued focus on operating costs.

Dividends

On March 1, 2023, the Company paid a quarterly cash dividend of $0.6550 per share to shareholders of record as of February 7, 2023.

On April 26, 2023, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7075 per share of common stock, an 8.0% increase over the prior quarterly dividend, payable on June 1, 2023, to shareholders of record as of May 9, 2023.

2023 First Quarter Earnings Conference Call

The conference call to discuss first quarter 2023 earnings will take place on Thursday, April 27, 2023, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the Company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The Company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

Non-GAAP Financial Measures

This press release includes a presentation of adjusted regulated O&M efficiency ratio, a "non-GAAP financial measure" under SEC rules, which excludes from its calculation estimated purchased water revenues and purchased water expenses, reductions for the amortization of EADIT, and the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. These items were excluded from the O&M efficiency ratio calculation as they do not reflect management's ability to increase the efficiency of the Regulated Businesses. This item is derived from American Water's consolidated financial information but is not presented in its financial statements prepared in accordance with GAAP. This non-GAAP financial measure supplements and should be read in conjunction with the Company's GAAP disclosures and should be considered as an addition to, and not a substitute for, any GAAP measure.

Management evaluates its operating performance using this ratio and believes that this non-GAAP financial measure is useful to the Company's investors because it directly measures improvement in the operating performance and efficiency of the Company's Regulated Businesses. The Company's adjusted regulated O&M efficiency ratio (i) is not an accounting measure that is based on GAAP; (ii) is not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this press release.

Set forth in this release is a table that calculates the Company's adjusted regulated O&M efficiency ratio and reconciles each of the components used to calculate this ratio to the most directly comparable GAAP financial measure.

About American Water

With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly-traded water and wastewater utility company. The Company employs approximately 6,500 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to over 14 million people in 24 states. More information can be found by visiting amwater.com and follow American Water on Twitter, Facebook and LinkedIn.

Throughout this press release, unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2023 earnings guidance, the Company's long-term financial, growth and dividend targets, future capital needs, the ability to achieve the Company's strategies and goals, including with respect to its ESG focus, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, 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; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; 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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, 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, regulation and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns,

and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of, or maintain and 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; the Company's ability to obtain permits and other approvals for projects and construction 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; the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers; the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations; the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the Company's Military Services Group entering into new military installation contracts, price redeterminations and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the Company's former Homeowner Services Group ("HOS"), including the Company's ability to receive contingent consideration provided for in the HOS sale as well as amounts due, payable and owing to the Company under the seller note when due, and the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the Company's operations; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's ability to maintain safe work sites; the Company's exposure to liabilities related to environmental laws and 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 state renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates and the Company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks or other communications by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations; 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, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or

combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2023	2022
Operating revenues	$ 938	$ 842
Operating expenses:		
Operation and maintenance	393	364
Depreciation and amortization	172	158
General taxes	78	74
Total operating expenses, net	643	596
Operating income	295	246
Other income (expense):		
Interest expense	(115)	(100)
Interest income	14	13
Non-operating benefit costs, net	9	19
Other, net	11	15
Total other (expense) income	(81)	(53)
Income before income taxes	214	193
Provision for income taxes	44	35
Net income attributable to common shareholders	$ 170	$ 158
Basic earnings per share:		
Net income attributable to common shareholders	$ 0.91	$ 0.87
Diluted earnings per share:		
Net income attributable to common shareholders	$ 0.91	$ 0.87
Weighted-average common shares outstanding:		
Basic	186	182
Diluted	186	182

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2023	December 31, 2022
ASSETS		
Property, plant and equipment	$ 30,214	$ 29,736
Accumulated depreciation	(6,582)	(6,513)
Property, plant and equipment, net	23,632	23,223
Current assets:		
Cash and cash equivalents	213	85
Restricted funds	29	32
Accounts receivable, net of allowance for uncollectible accounts of $55 and $60, respectively	318	334
Income tax receivable	96	114
Unbilled revenues	289	275
Materials and supplies	103	98
Other	290	312
Total current assets	1,338	1,250
Regulatory and other long-term assets:		
Regulatory assets	1,004	990
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	83	82
Goodwill	1,143	1,143
Other	366	379
Total regulatory and other long-term assets	3,316	3,314
Total assets	$ 28,286	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2023	December 31, 2022
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,058,247 and 187,200,539 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,519	6,824
Retained earnings	1,437	1,267
Accumulated other comprehensive loss	(23)	(23)
Treasury stock, at cost (5,414,795 and 5,342,477 shares, respectively)	(388)	(377)
Total common shareholders' equity	9,547	7,693
Long-term debt	10,485	10,926
Redeemable preferred stock at redemption value	2	3
Total long-term debt	10,487	10,929
Total capitalization	20,034	18,622
Current liabilities:		
Short-term debt	—	1,175
Current portion of long-term debt	727	281
Accounts payable	193	254
Accrued liabilities	561	706
Accrued taxes	74	49
Accrued interest	114	91
Other	223	255
Total current liabilities	1,892	2,811
Regulatory and other long-term liabilities:		
Advances for construction	321	316
Deferred income taxes and investment tax credits	2,483	2,437
Regulatory liabilities	1,568	1,590
Operating lease liabilities	70	70
Accrued pension expense	215	235
Other	192	202
Total regulatory and other long-term liabilities	4,849	4,850
Contributions in aid of construction	1,511	1,504
Commitments and contingencies		
Total capitalization and liabilities	$ 28,286	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies
Adjusted Regulated Operation and Maintenance Efficiency Ratio (A Non-GAAP, unaudited measure)

(Dollars in millions)	For the Twelve Months Ended March 31, 2023	2022
Total operation and maintenance expenses	$ 1,619	$ 1,723
Less:		
Operation and maintenance expenses—Other	258	403
Total operation and maintenance expenses—Regulated Businesses	1,361	1,320
Less:		
Regulated purchased water expenses	153	155
Allocation of non-operation and maintenance expenses	26	29
Adjusted operation and maintenance expenses—Regulated Businesses (i)	$ 1,182	$ 1,136
Total operating revenues	$ 3,889	$ 3,881
Less:		
Operating revenues—Other	302	474
Total operating revenues—Regulated Businesses	3,587	3,407
Less:		
Regulated purchased water revenues (a)	153	155
Revenue reductions from the amortization of EADIT	(85)	(102)
Adjusted operating revenues—Regulated Businesses (ii)	$ 3,519	$ 3,354
Adjusted O&M efficiency ratio—Regulated Businesses (i) / (ii)	33.6 %	33.9 %

(a) The calculation assumes regulated purchased water revenues approximate regulated purchased water expenses.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 15, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 15, 2023, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2022. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated February 15, 2023, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 15, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

February 15, 2023

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
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Senior Vice President, Communications and External Affairs
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AMERICAN WATER'S 2022 STRONG RESULTS MEET EXPECTATIONS AFFIRMS 2023 GUIDANCE AND LONG-TERM TARGETS

- **2022 full-year earnings of $4.51 per share, compared to 2021 earnings of $6.95 per share, which reflected a gain of $2.70 per share on sale of Homeowner Services Group (HOS) in Dec. 2021**
  - **2022 weather-normalized earnings of $4.45 per share**
  - **Invested a record $2.6 billion in capital and added 70,000 customer connections through closed acquisitions in 2022**
- **2023 earnings per share guidance range of $4.72 to $4.82 affirmed**
- **Long-term EPS and dividend growth targets of 7-9% announced in Nov. 2022 affirmed**

CAMDEN, N.J., February 15, 2023 - American Water Works Company, Inc. (NYSE: AWK) today reported earnings of $0.81 per share for the fourth quarter 2022 compared to $3.55 per share in 2021, and full year earnings in 2022 of $4.51 per share compared to $6.95 per share in 2021. Fourth quarter and full year 2021 results included a gain of $2.70 per share, which reflected the completion of the sale of HOS in December of 2021. Fourth quarter and full year 2021 results were $0.85 per share and $4.25 per share, respectively, before the gain on the sale of HOS.

"American Water successfully executed on our strategies in 2022, achieved on-plan earnings growth, and again delivered strong dividend growth to investors. Importantly, we achieved constructive outcomes in general rate cases in three of our largest jurisdictions - New Jersey, Pennsylvania, and Illinois," said Susan Hardwick, president and CEO of American Water.

"We invested a record $2.6 billion across our business, led by infrastructure renewal, and completed 26 regulated acquisitions during the year. We are also proud that 2022 marked our best year of safety performance on record, and that we established additional GHG emissions reduction goals, including a net zero target by 2050," added Hardwick. "We are excited about this positive momentum as we begin 2023."

2023 EPS Guidance and Long-Term Financial Targets Affirmed

The Company affirms its 2023 earnings per share guidance range of $4.72 to $4.82. The Company also affirms its long-term financial targets for the 2023-2027 period announced in Nov. 2022, including its long-term EPS and dividend growth rate targets of 7-9%. The Company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC"). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Highlights

- Delivered EPS results of $4.51 slightly ahead of expectations, led by strong growth in the Regulated Businesses
- Successfully completed general rate cases in New Jersey, Pennsylvania, Illinois, West Virginia, and Hawaii

  - Incorporated updated production costs in New Jersey and received authorization of a pension and OPEB deferral effective January 1, 2023
  - Incorporated updated production costs and pension and OPEB costs in Pennsylvania and Illinois
- Invested a record $2.3 billion for infrastructure improvements and replacements in 2022
- Closed on 26 acquisitions of various regulated water and wastewater systems in 2022, adding a record 70,000 customer connections, totaling $0.3 billion of investment
- Announced new medium-term and long-term GHG emissions reduction targets aligning with the Paris Agreement
- Published inclusion, diversity & equity (ID&E) metrics report with consolidated EEO-1 data and launched diversityataw.com

Consolidated Results

For the three and twelve months ended December 31, 2022, earnings per share were $0.81 and $4.51, respectively, compared to $3.55 and $6.95 per share in the same periods in 2021. The 2021 results included a net gain of $2.70 per share relating to the sale of HOS. Before the gain related to the sale of HOS in 2021, earnings per share increased $0.26 in 2022 as compared to 2021. This increase was primarily driven by continued growth in the Regulated Businesses from the return on infrastructure investments, acquisitions, and organic customer growth, offset somewhat by impacts from inflationary pressures on production costs and higher interest costs along with higher depreciation expenses from the growth of the business. Results for 2022 also reflect the favorable impact of weather, estimated at $0.06 per share, primarily due to hot and dry weather in the third quarter of 2022, as compared to a modest favorable impact from weather in 2021. Also, included in the results for 2022 are $0.24 per share from interest income earned on the seller note and income earned on revenue share agreements, which compares to HOS operating results for 2021 of $0.31 per share. Lastly, operating results for the Company's New York subsidiary, which was sold on January 1, 2022, were $0.12 per share in 2021.

In 2022, the Company made capital investments of $2.6 billion, including $2.3 billion for infrastructure improvements and other capital investments in the Regulated Businesses and $0.3 billion for regulated acquisitions.

Regulated Businesses

In the fourth quarter of 2022, the Regulated Businesses' net income was $173 million, compared to $166 million for the same period in 2021. For the full year 2022, the Regulated Businesses' net income was $854 million, compared to $789 million in 2021. Net income attributable to the Company's New York subsidiary was $4 million and $21 million for the three and twelve months ended December 31, 2021, respectively.

Operating revenues increased $61 million and $248 million for the three and twelve months ended December 31, 2022, respectively, as compared to 2021, when excluding revenues contributed by the Company's New York subsidiary in 2021. The increases in operating revenues were primarily a result of authorized revenue increases resulting from completed general rate cases and infrastructure proceedings to recover incremental capital and acquisition investments.

Since January 1, 2022, the Company has been authorized additional annualized revenues of approximately $308 million from general rate cases, with $90 million effective in 2022 and $218 million effective in 2023. Further, approximately $108 million of additional annualized revenues from infrastructure surcharges have been authorized, with $83 million effective in 2022 and $25 million effective in 2023. The Company has general rate cases in progress in three jurisdictions and filed for two infrastructure surcharges, reflecting a total annualized revenue request of approximately $181 million.

Excluding impacts of the Company's New York subsidiary in 2021, operation and maintenance ("O&M") expenses were higher by $24 million and $68 million for the three and twelve months ended December 31, 2022, respectively, as compared to 2021, primarily due to increases in production costs from inflationary pressures. Also, depreciation expense was higher by $8 million and $32 million in these same periods due to the growing capital investment in infrastructure and acquisitions.

For the three and twelve months ended December 31, 2021, results included revenues of $30 million and $127 million, respectively, and operating expenses of $23 million and $94 million, respectively, for the Company's New York subsidiary that was sold on January 1, 2022.

For the full year 2022, the Company's adjusted regulated O&M efficiency ratio (a non-GAAP financial measure) was 33.7%, compared to 34.1% for 2021. The ratio reflects an increase in operating revenues for the Regulated Businesses, after considering the adjustment for the amortization of the excess accumulated deferred income taxes ("EADIT") shown in the table below, as well as the continued focus on operating costs.

Other

In the fourth quarter of 2022, the net loss in Other was $26 million, compared to net income of $479 million for the same period in 2021. For the year ended 2022, the net loss in Other was $34 million, compared to net income of $474 million for the same period in 2021. The primary driver for the change in both periods is the gain on the sale of HOS of $478 million in 2021, the loss of earnings from HOS operations as a result of the sale of the business in 2021, and incremental interest expense on long-term debt in 2022. The loss of HOS operating results has been partially offset in both periods of 2022 with interest income earned on the seller note from the sale and continuing income earned on revenue share agreements. As previously disclosed, results in 2022 also reflect $0.06 per share of favorable impact from post-close adjustments related to the sale of HOS and the Company's New York subsidiary.

Dividends

On December 7, 2022, the Company's Board of Directors declared a quarterly cash dividend payment of $0.6550 per share of common stock payable on March 1, 2023, to shareholders of record as of February 7, 2023.

2022 Fourth Quarter and Year-End Earnings Conference Call

The conference call to discuss fourth quarter and year-end 2022 earnings, and affirmation of 2023 earnings guidance, and long-term targets will take place on Thursday, February 16, 2023, at 9 a.m. Eastern Standard Time. Interested parties may listen to an audio webcast through a link on the Company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The Company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

Non-GAAP Financial Measures

This press release includes a presentation of adjusted regulated O&M efficiency ratio, a "non-GAAP financial measure" under SEC rules, which excludes from its calculation estimated purchased water revenues and purchased water expenses, reductions for the amortization of EADIT, and the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. These items were excluded from the O&M efficiency ratio calculation as they do not reflect management's ability to increase the efficiency of the Regulated Businesses. This item is derived from American Water's consolidated financial information but is not presented in its financial statements prepared in accordance with GAAP. This non-GAAP financial measure supplements and should be read in conjunction with the Company's GAAP disclosures and should be considered as an addition to, and not a substitute for, any GAAP measure.

Management evaluates its operating performance using this ratio and believes that this non-GAAP financial measure is useful to the Company's investors because it directly measures improvement in the operating performance and efficiency of the Company's Regulated Businesses. The Company's adjusted regulated O&M efficiency ratio (i) is not an accounting measure that is based on GAAP; (ii) is not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this press release.

Set forth in this release is a table that calculates the Company's adjusted regulated O&M efficiency ratio and reconciles each of the components used to calculate this ratio to the most directly comparable GAAP financial measure.

About American Water

With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly-traded water and wastewater utility company. The Company employs approximately 6,500 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to over 14 million people in 24 states. More information can be found by visiting amwater.com and follow American Water on Twitter, Facebook and LinkedIn.

Throughout this press release, unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2023 earnings guidance, the Company's long-term financial, growth and dividend targets, future capital needs, the ability to achieve the Company's strategies and goals, including

with respect to its ESG focus, its greenhouse gas emissions reduction goals, and related to the Company's receipt of contingent consideration from the sale of HOS, the repayment of the seller note and the redeployment of the net proceeds from the sale of HOS, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, 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; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; 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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, water quality and water quality accountability, contaminants of emerging concern, 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, regulation and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of, or maintain and 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; the Company's ability to obtain permits and other approvals for projects and construction 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; 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 impacting the Company's business operations; the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the Company's Military Services Group entering into new contracts, price redeterminations and other agreements and contracts, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of HOS, including the Company's ability to receive contingent consideration provided for in the HOS sale as well as amounts due, payable and owing to the Company under the seller note when due; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the Company's operations; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's ability to maintain safe work sites; the Company's exposure to liabilities related to environmental laws and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates and the Company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks or other communications by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general,

income and other tax laws, including (i) future significant tax legislation; 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, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations

(In millions, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2022	2021	2022	2021
	(Unaudited)			
Operating revenues	$ 931	$ 951	$ 3,792	$ 3,930
Operating expenses:				
Operation and maintenance	433	491	1,589	1,777
Depreciation and amortization	164	160	649	636
General taxes	73	80	281	321
Total operating expenses, net	670	731	2,519	2,734
Operating income	261	220	1,273	1,196
Other income (expense):				
Interest expense	(116)	(103)	(433)	(403)
Interest income	13	4	52	4
Non-operating benefit costs, net	19	19	77	78
Gain or (loss) on sale of businesses	19	747	19	747
Other, net	(18)	7	20	18
Total other income (expense)	(83)	674	(265)	444
Income before income taxes	178	894	1,008	1,640
Provision for income taxes	31	249	188	377
Net income attributable to common shareholders	$ 147	$ 645	$ 820	$ 1,263
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 0.81	$ 3.56	$ 4.51	$ 6.96
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 0.81	$ 3.55	$ 4.51	$ 6.95
Weighted-average common shares outstanding:				
Basic	182	182	182	182
Diluted	182	182	182	182

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2022	December 31, 2021
ASSETS		
Property, plant and equipment	$ 29,736	$ 27,413
Accumulated depreciation	(6,513)	(6,329)
Property, plant and equipment, net	23,223	21,084
Current assets:		
Cash and cash equivalents	85	116
Restricted funds	32	20
Accounts receivable, net of allowance for uncollectible accounts of $60 and $75, respectively	334	271
Income tax receivable	114	4
Unbilled revenues	275	248
Materials and supplies	98	57
Assets held for sale	—	683
Other	312	155
Total current assets	1,250	1,554
Regulatory and other long-term assets:		
Regulatory assets	990	1,051
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	82	92
Goodwill	1,143	1,139
Postretirement benefit assets	—	193
Other	379	242
Total regulatory and other long-term assets	3,314	3,437
Total assets	$ 27,787	$ 26,075

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2022	December 31, 2021
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 187,200,539 and 186,880,413 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	6,824	6,781
Retained earnings	1,267	925
Accumulated other comprehensive loss	(23)	(45)
Treasury stock, at cost (5,342,477 and 5,269,324 shares, respectively)	(377)	(365)
Total common shareholders' equity	7,693	7,298
Long-term debt	10,926	10,341
Redeemable preferred stock at redemption value	3	3
Total long-term debt	10,929	10,344
Total capitalization	18,622	17,642
Current liabilities:		
Short-term debt	1,175	584
Current portion of long-term debt	281	57
Accounts payable	254	235
Accrued liabilities	706	701
Accrued taxes	49	176
Accrued interest	91	88
Liabilities related to assets held for sale	—	83
Other	255	217
Total current liabilities	2,811	2,141
Regulatory and other long-term liabilities:		
Advances for construction	316	284
Deferred income taxes and investment tax credits	2,437	2,421
Regulatory liabilities	1,590	1,600
Operating lease liabilities	70	80
Accrued pension expense	235	285
Other	202	180
Total regulatory and other long-term liabilities	4,850	4,850
Contributions in aid of construction	1,504	1,442
Commitments and contingencies		
Total capitalization and liabilities	$ 27,787	$ 26,075

American Water Works Company, Inc. and Subsidiary Companies
Adjusted Regulated Operation and Maintenance Efficiency Ratio (A Non-GAAP, unaudited measure)

(Dollars in millions)	2022	2021	2020
Total operation and maintenance expenses	$ 1,589	$ 1,777	$ 1,622
Less:			
Operation and maintenance expenses—Other	244	452	364
Total operation and maintenance expenses—Regulated Businesses	1,345	1,325	1,258
Less:			
Regulated purchased water expenses	154	153	149
Allocation of non-operation and maintenance expenses	31	34	41
Adjusted operation and maintenance expenses—Regulated Businesses (i)	$ 1,160	$ 1,138	$ 1,068
Total operating revenues	$ 3,792	$ 3,930	$ 3,777
Less:			
Operating revenues—Other	287	546	522
Total operating revenues—Regulated Businesses	3,505	3,384	3,255
Less:			
Regulated purchased water revenues (a)	154	153	149
Revenue reductions from the amortization of EADIT	(89)	(104)	(7)
Adjusted operating revenues—Regulated Businesses (ii)	$ 3,440	$ 3,335	$ 3,113
Adjusted O&M efficiency ratio—Regulated Businesses (i) / (ii)	33.7 %	34.1 %	34.3 %

(a) The calculation assumes regulated purchased water revenues approximate regulated purchased water expenses.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2023, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2023. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in this Current Report, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated July 26, 2023, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 26, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

July 26, 2023

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
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Media Contact:
Maureen Duffy
Senior Vice President, Communications and External Affairs
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AMERICAN WATER REPORTS STRONG SECOND QUARTER 2023 RESULTS ON CONTINUED EXECUTION AND FAVORABLE WEATHER

AFFIRMS 2023 GUIDANCE AND LONG-TERM TARGETS

- **Second quarter 2023 earnings of $1.44 per share, compared to $1.20 per share in 2022; year-to-date 2023 earnings of $2.37 per share, compared to $2.07 per share in 2022**
  - **Quarter and year-to-date results reflect the favorable impact of an estimated $0.07 per share from warm, dry weather**
- **2023 earnings per share guidance range of $4.72 to $4.82 affirmed, on a weather-normalized basis; long-term targets also affirmed**
- **Capital plan on track to invest approximately $2.9 billion in 2023; continue to expect closing of two significant acquisitions late in 2023**
- **Issued $1.035 billion of 3.625% Exchangeable Senior Notes due 2026**
- **2021-2022 Sustainability Report and updated ESG Data Summary published**

CAMDEN, N.J., July 26, 2023 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended June 30, 2023, of $1.44 per share, compared to $1.20 per share for the same quarter in 2022 and $2.37 per share for the year-to-date period ended June 30, 2023, compared to $2.07 per share for the same period in 2022.

“The company has delivered excellent results for the first half of the year,” said M. Susan Hardwick, president and CEO of American Water. “We continue to execute on our strategy and are well positioned to achieve our expected growth in 2023 and beyond.”

“Also in the first half of the year we have successfully completed our entire 2023 financing plan with the issuance of the exchangeable senior notes in June. In total, just over $1.0 billion was issued with an annual interest rate of 3.625%. This follows our $1.7 billion common equity issuance in March. With our financing for the year secured, the company is well-positioned to fund our near-term growth plan using long-term capital,” said Hardwick.

2023 EPS Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2023 earnings per share guidance range of $4.72 to $4.82, on a weather-normalized basis. The company also affirms its long-term financial targets for the 2023-2027 period announced in Nov. 2022, including its long-term EPS and dividend growth rate targets of 7-9%. The company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC"). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three and six months ended June 30, 2023, earnings per share were $1.44 and $2.37, respectively, compared to $1.20 and $2.07 per share in the same periods in 2022. These increases were primarily driven by the implementation of new rates in the Regulated Businesses for the recovery of capital and acquisition investments, offset somewhat by increased production costs, including inflationary pressures, and higher pension costs since mid-2022. Approximately 75% of the estimated impact of increased production costs, including chemicals, power and other fuel, and of higher pension costs, are reflected in higher revenues in 2023 from rate cases recently completed. Results for the three and six months ended June 30, 2023, also reflect the favorable impact of weather, estimated at $0.07 per share, due to warm, dry weather in the second quarter of 2023. Results for the three and six months ended June 30, 2023, also reflect the impact of share dilution from the equity financing of $0.10 and $0.11 per share, respectively, which offsets the avoided interest expense.

The company is on track to meet its capital investment plan for the year with investments of $1.2 billion in the first half of 2023, including $1.15 billion for infrastructure improvements and replacements in the Regulated Businesses. The company plans to invest a total of approximately $2.9 billion across its footprint in 2023, including approximately $0.4 billion for acquisitions. As of June 30, 2023, the company had $555 million of acquisitions under agreement, including the wastewater assets of the Butler Area Sewer Authority in Pennsylvania for a total purchase price of $232 million, and the wastewater treatment plant from Granite City, Illinois for $83 million, both of which the company now expects to close in late 2023, pending each acquisition's regulatory approval.

Regulated Businesses

In the second quarter of 2023, Regulated Businesses' net income was $278 million, compared to $219 million for the same period in 2022. For the first six months of 2023, the Regulated Businesses' net income was $452 million, compared to $379 million for the same period in 2022.

Operating revenues increased $140 million and $222 million for the three and six months ended June 30, 2023, respectively, as compared to the same periods in 2022. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

To date, the company has been authorized additional annualized revenues of $273 million from general rate cases in 2023. Further, $67 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective in 2023. The company has general rate cases in progress in four jurisdictions, and has filed for infrastructure surcharges in one jurisdiction, reflecting a total annualized revenue request of $155 million.

Operation and maintenance ("O&M") expenses were higher by $24 million and $39 million for the three and six months ended June 30, 2023, respectively, as compared to the same periods in 2022, primarily due to increases in production costs, including from inflationary pressures, that began to accelerate in mid-2022 and an increase in employee headcount to support growth in the business. Pension costs, included in Other Inc/Exp, were also higher in the quarter and year-to-date periods. Depreciation expense was higher by $15 million and $29 million in the same periods, respectively, due to the growing capital investment. Also, net interest expense was higher by $9 million and $31 million, in the same periods, respectively, due to additional long-term debt and higher rates on short-term debt.

For the 12-month period ended June 30, 2023, the company's adjusted regulated O&M efficiency ratio (a non-GAAP financial measure) was 33.1%, compared to 33.7% for the 12-month period ended June 30, 2022. The ratio reflects an increase in operating revenues for the Regulated Businesses, after considering the adjustment for the amortization of the excess accumulated deferred income taxes ("EADIT") shown in the table below, as well as the continued focus on operating costs.

Exchangeable Senior Note Issuance

On June 29, 2023, American Water Capital Corp. ("AWCC"), the wholly owned finance subsidiary of American Water, issued $1.035 billion aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1.022 billion, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder is being used for general corporate purposes. The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from parent company, which serves as the functional equivalent of a guarantee by parent company of the obligations of AWCC under the Notes. The Notes will mature on June 15, 2026, unless earlier exchanged or repurchased. Upon exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes to be exchanged and (2) pay or deliver (or cause to be delivered), cash, shares of parent common stock or a combination of cash and shares of parent common stock, at AWCC's election, in an amount equal to its exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

Dividends

On July 26, 2023, the company's Board of Directors declared a quarterly cash dividend payment of $0.7075 per share of common stock, payable on September 1, 2023, to shareholders of record as of August 8, 2023.

2023 Second Quarter Earnings Conference Call

The conference call to discuss second quarter 2023 earnings will take place on Thursday, July 27, 2023, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

Non-GAAP Financial Measures

This press release includes a presentation of adjusted regulated O&M efficiency ratio, a "non-GAAP financial measure" under SEC rules, which excludes from its calculation estimated purchased water revenues and purchased water expenses, reductions for the amortization of EADIT, and the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. These items were excluded from the O&M efficiency ratio calculation as they do not reflect management's ability to increase the efficiency of the Regulated Businesses. This item is derived from American Water's consolidated financial information but is not presented in its financial statements prepared in accordance with GAAP. This non-GAAP financial measure supplements and should be read in conjunction with the company's GAAP disclosures and should be considered as an addition to, and not a substitute for, any GAAP measure.

Management evaluates its operating performance using this ratio and believes that this non-GAAP financial measure is useful to the company's investors because it directly measures improvement in the operating performance and efficiency of the company's Regulated Businesses. The company's adjusted regulated O&M efficiency ratio (i) is not an accounting measure that is based on GAAP; (ii) is not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this press release.

Set forth in this release is a table that calculates the company's adjusted regulated O&M efficiency ratio and reconciles each of the components used to calculate this ratio to the most directly comparable GAAP financial measure.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, Twitter and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2023 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, including with respect to its ESG focus, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2022, 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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain and 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; the company's ability to obtain permits and other approvals for projects and construction 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; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the company's Military Services Group entering into new military installation contracts, price redeterminations and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's Homeowner Services Group ("HOS"), including the company's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to the company under the seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's

exposure to liabilities related to environmental laws and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations; 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, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenues	$ 1,097	$ 937	$ 2,035	$ 1,779
Operating expenses:				
Operation and maintenance	419	376	812	740
Depreciation and amortization	174	163	346	321
General taxes	73	71	151	145
Other	(1)	—	(1)	—
Total operating expenses, net	665	610	1,308	1,206
Operating income	432	327	727	573
Other income (expense):				
Interest expense	(110)	(106)	(225)	(206)
Interest income	15	12	29	25
Non-operating benefit costs, net	8	20	17	39
Other, net	12	17	23	32
Total other (expense) income	(75)	(57)	(156)	(110)
Income before income taxes	357	270	571	463
Provision for income taxes	77	52	121	87
Net income attributable to common shareholders	$ 280	$ 218	$ 450	$ 376
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.44	$ 1.20	$ 2.37	$ 2.07
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.44	$ 1.20	$ 2.37	$ 2.07
Weighted-average common shares outstanding:				
Basic	195	182	190	182
Diluted	195	182	190	182

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2023	December 31, 2022
ASSETS		
Property, plant and equipment	$ 30,815	$ 29,736
Accumulated depreciation	(6,627)	(6,513)
Property, plant and equipment, net	24,188	23,223
Current assets:		
Cash and cash equivalents	794	85
Restricted funds	30	32
Accounts receivable, net of allowance for uncollectible accounts of $52 and $60, respectively	352	334
Income tax receivable	74	114
Unbilled revenues	331	275
Materials and supplies	109	98
Other	299	312
Total current assets	1,989	1,250
Regulatory and other long-term assets:		
Regulatory assets	1,020	990
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	83	82
Goodwill	1,143	1,143
Other	353	379
Total regulatory and other long-term assets	3,319	3,314
Total assets	$ 29,496	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2023	December 31, 2022
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,083,363 and 187,200,539 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,529	6,824
Retained earnings	1,580	1,267
Accumulated other comprehensive loss	(22)	(23)
Treasury stock, at cost (5,414,838 and 5,342,477 shares, respectively)	(388)	(377)
Total common shareholders' equity	9,701	7,693
Long-term debt	11,607	10,926
Redeemable preferred stock at redemption value	2	3
Total long-term debt	11,609	10,929
Total capitalization	21,310	18,622
Current liabilities:		
Short-term debt	—	1,175
Current portion of long-term debt	579	281
Accounts payable	246	254
Accrued liabilities	575	706
Accrued taxes	65	49
Accrued interest	91	91
Other	208	255
Total current liabilities	1,764	2,811
Regulatory and other long-term liabilities:		
Advances for construction	333	316
Deferred income taxes and investment tax credits	2,549	2,437
Regulatory liabilities	1,524	1,590
Operating lease liabilities	70	70
Accrued pension expense	209	235
Other	204	202
Total regulatory and other long-term liabilities	4,889	4,850
Contributions in aid of construction	1,533	1,504
Commitments and contingencies		
Total capitalization and liabilities	$ 29,496	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies
Adjusted Regulated Operation and Maintenance Efficiency Ratio (A Non-GAAP, unaudited measure)

(Dollars in millions)	For the Twelve Months Ended June 30, 2023	2022
Total operation and maintenance expenses	$ 1,662	$ 1,668
Less:		
Operation and maintenance expenses—Other	278	352
Total operation and maintenance expenses—Regulated Businesses	1,384	1,316
Less:		
Regulated purchased water expenses	153	152
Allocation of non-operation and maintenance expenses	23	32
Adjusted operation and maintenance expenses—Regulated Businesses (i)	$ 1,208	$ 1,132
Total operating revenues	$ 4,048	$ 3,822
Less:		
Operating revenues—Other	321	408
Total operating revenues—Regulated Businesses	3,727	3,414
Less:		
Regulated purchased water revenues (a)	153	152
Revenue reductions from the amortization of EADIT	(78)	(97)
Adjusted operating revenues—Regulated Businesses (ii)	$ 3,652	$ 3,359
Adjusted O&M efficiency ratio—Regulated Businesses (i) / (ii)	33.1 %	33.7 %

(a) The calculation assumes regulated purchased water revenues approximate regulated purchased water expenses.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 26, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

On June 26, 2023 and June 27, 2023, American Water Works Company, Inc. ("American Water") issued separate press releases announcing the launch and pricing, respectively, of a private placement of $900 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). The Notes will be issued by American Water Capital Corp. ("AWCC"), American Water's wholly owned finance subsidiary. The Notes will be senior unsecured obligations of AWCC and will have the benefit of a support agreement from American Water, which serves as a functional equivalent of a guarantee by American Water of the obligations of AWCC under the Notes. Copies of the respective press releases are filed as Exhibit 99.1 and Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated June 26, 2023, issued by American Water Works Company, Inc. (launch).
99.2*	Press Release, dated June 27, 2023, issued by American Water Works Company, Inc. (pricing).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: June 27, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Exhibit 99.1

Press Release

AMERICAN WATER

American Water Capital Corp. Announces Proposed Private Placement of $900 Million of Exchangeable Senior Notes

CAMDEN, N.J. – June 26, 2023 – American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. (NYSE: AWK) ("American Water"), announced today that it intends to offer $900 million aggregate principal amount of its Exchangeable Senior Notes due 2026 (the "notes") in a private placement (the "offering") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). AWCC also intends to grant the initial purchasers of the notes an option to purchase, within a 13-day period beginning on, and including, the first date on which the notes are issued, up to an additional $135 million aggregate principal amount of the notes.

The notes will be senior unsecured obligations of AWCC and will have the benefit of a support agreement from American Water, referred to as the "support agreement," which serves as a functional equivalent of a guarantee by American Water of the obligations of AWCC under the notes. The notes will accrue interest payable semi-annually in arrears and will mature on June 15, 2026, unless earlier exchanged or repurchased.

The notes will be exchangeable (1) for cash up to the aggregate principal amount of the notes to be exchanged and (2) for cash, shares of American Water's common stock ("common stock") or a combination of cash and shares of common stock, at AWCC's election, in respect of the remainder, if any, of the exchange obligation in excess of the aggregate principal amount of the notes being exchanged. Prior to the close of business on the business day immediately preceding March 15, 2026, the notes will be exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods. On or after March 15, 2026, until the close of business on the business day immediately preceding the maturity date, the notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods.

Press Release

AMERICAN WATER

AWCC may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes. Subject to certain conditions, holders of the notes will have the right to require AWCC to repurchase all or a portion of their notes upon the occurrence of a fundamental change (as defined in the indenture that will govern the notes) at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest. In connection with certain corporate events, AWCC will, under certain circumstances, increase the exchange rate for noteholders who elect to exchange their notes in connection with any such corporate event.

AWCC intends to use the net proceeds from the offering to repay its commercial paper obligations and for general corporate purposes.

The proposed offering is subject to market and other conditions, and there can be no assurance as to whether or when the offering may be completed, or as to the actual size or terms of the offering.

The notes are being offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The notes, the support agreement obligations and the shares of common stock deliverable upon exchange of the notes, if any, have not been, nor will be, registered under the Securities Act or the securities laws of any other jurisdiction, and unless so registered, may not be offered or sold in the United States except pursuant to an applicable exemption from such registration requirements.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities, and no offer, solicitation or sale of any securities shall be made, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

Press Release

AMERICAN WATER

About AWCC

American Water's financing activities include, among other things, the issuance of long-term and short-term debt, primarily through AWCC, its wholly owned finance subsidiary. AWCC has no significant assets or operations other than as associated with these financing activities. AWCC loans all of the net proceeds of its long-term debt financings to American Water's operating subsidiaries in its Regulated Businesses segment, as well as to American Water. AWCC also provides liquidity to the Regulated Businesses segment and American Water through AWCC's revolving credit facility and commercial paper program. AWCC may also perform other ancillary services directly related to these financing activities, including cash management activities and hedging of interest-rate and other market risk exposures associated with indebtedness. The proceeds of all of AWCC's long-term debt have been loaned to subsidiaries in American Water's Regulated Businesses segment or to American Water, which debt is evidenced by promissory notes issued to AWCC by such subsidiaries or American Water, as applicable.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, with respect to the private placement of AWCC's securities and the intended use of proceeds, 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended Dec. 31, 2022, 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 American Water'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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, 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; American Water's ability to collect, distribute, use, secure and store consumer data in compliance with current or

future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with American Water's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain and replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of American Water'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; American Water's ability to obtain permits and other approvals for projects and construction of various water and wastewater facilities; changes in American Water's capital requirements; American Water's ability to control operating expenses and to achieve operating efficiencies; the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or the water provided to its customers; American Water'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 American Water's business operations; American Water'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: (a) acquiring, closing and successfully integrating regulated operations; (b) American Water's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and (c) realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of American Water's Homeowner Services Group ("HOS"), including: (a) American Water's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to American Water under the seller note when due; and (b) the ability of American Water to redeploy successfully and timely the net proceeds of this transaction into American Water's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of American Water's operations; American Water's ability to successfully develop and implement new technologies and to protect related intellectual property; American Water's ability to maintain safe work sites; American Water's exposure to liabilities related to environmental laws 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 GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and American Water'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 American Water or any of its subsidiaries,

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or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to American Water or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect American Water's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation, and (ii) the availability of, or American Water's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of American Water'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 American Water's utility subsidiaries, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for American Water, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to American Water's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; American Water's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

Defined terms used in this press release but not defined herein shall have the meanings ascribed to such terms in American Water's Form 10-K for the year ended Dec. 31, 2022. These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties, risk factors and other statements in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water'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.

AWK-IR

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Press Release

AMERICAN WATER

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Exhibit 99.2

Press Release

AMERICAN WATER

American Water Capital Corp. Announces Pricing of $900.0 Million of 3.625% Exchangeable Senior Notes

CAMDEN, N.J. – June 27, 2023 – American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. (NYSE: AWK) ("American Water"), announced today the pricing of $900.0 million aggregate principal amount of its 3.625% Exchangeable Senior Notes due 2026 (the "notes") in a private placement (the "offering") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). AWCC also granted the initial purchasers of the notes an option to purchase, within a 13-day period beginning on, and including, the first date on which the notes are issued, up to an additional $135.0 million aggregate principal amount of the notes. The sale of the notes to the initial purchasers is expected to settle on June 29, 2023, subject to customary closing conditions, and is expected to result in approximately $888.8 million in net proceeds to AWCC after deducting the initial purchasers' discount but before deducting estimated offering expenses payable by AWCC (assuming no exercise of the initial purchasers' option to purchase additional notes).

The notes will be senior unsecured obligations of AWCC and will have the benefit of a support agreement (the "support agreement") from American Water, which serves as a functional equivalent of a guarantee by American Water of the obligations of AWCC under the notes. The notes will bear interest at a rate of 3.625% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023. The notes will mature on June 15, 2026, unless earlier exchanged or repurchased.

The notes will be exchangeable at an initial exchange rate of 5.8213 shares of American Water's common stock ("common stock") per $1,000 principal amount of notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock, which represents an exchange premium of approximately 22.5% to the last reported sale price of $140.23 per share of common stock on the New York Stock Exchange on June 26, 2023). Upon exchange of the notes, AWCC will (1) pay cash up to the aggregate principal amount of the notes to be exchanged and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of American Water's common stock, or a combination of cash and shares of common stock, at AWCC's

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election, in respect of the remainder, if any, of the exchange obligation in excess of the aggregate principal amount of the notes being exchanged. Prior to the close of business on the business day immediately preceding March 15, 2026, the notes will be exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods. On or after March 15, 2026, until the close of business on the business day immediately preceding the maturity date, the notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods.

AWCC may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes. Subject to certain conditions, holders of the notes will have the right to require AWCC to repurchase all or a portion of their notes upon the occurrence of a fundamental change (as defined in the indenture that will govern the notes) at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest. In connection with certain corporate events, AWCC will, under certain circumstances, increase the exchange rate for noteholders who elect to exchange their notes in connection with any such corporate event.

AWCC intends to use the net proceeds from the offering to repay its commercial paper obligations and for general corporate purposes.

The notes are being offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The notes, the support agreement obligations and the shares of common stock deliverable upon exchange of the notes, if any, have not been, nor will be, registered under the Securities Act or the securities laws of any other jurisdiction, and unless so registered, may not be offered or sold in the United States except pursuant to an applicable exemption from such registration requirements.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities, and no offer, solicitation or sale of any securities shall be made, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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AMERICAN WATER

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

About AWCC

American Water's financing activities include, among other things, the issuance of long-term and short-term debt, primarily through AWCC, its wholly owned finance subsidiary. AWCC has no significant assets or operations other than as associated with these financing activities. AWCC loans all of the net proceeds of its long-term debt financings to American Water's operating subsidiaries in its Regulated Businesses segment, as well as to American Water. AWCC also provides liquidity to the Regulated Businesses segment and American Water through AWCC's revolving credit facility and commercial paper program. AWCC may also perform other ancillary services directly related to these financing activities, including cash management activities and hedging of interest-rate and other market risk exposures associated with indebtedness. The proceeds of all of AWCC's long-term debt have been loaned to subsidiaries in American Water's Regulated Businesses segment or to American Water, which debt is evidenced by promissory notes issued to AWCC by such subsidiaries or American Water, as applicable.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release, including, without limitation, with respect to the private placement of AWCC's securities and the intended use of proceeds, 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended Dec. 31, 2022, 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 American Water'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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, 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; American Water's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with American Water's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain and replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of American Water'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; American Water's ability to obtain permits and other approvals for projects and construction of various water and wastewater facilities; changes in American Water's capital requirements; American Water's ability to control operating expenses and to achieve operating efficiencies; the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or the water provided to its customers; American Water'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 American Water's business operations; American Water'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: (a) acquiring, closing and successfully integrating regulated operations; (b) American Water's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and (c) realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of American Water's Homeowner Services Group ("HOS"), including: (a) American Water's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to American Water under the seller note when due; and (b) the ability of American Water to redeploy successfully and timely the net proceeds of this transaction into American Water's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of American Water's operations; American Water's ability to successfully develop and implement new technologies and to protect related intellectual property; American Water's ability to maintain safe work sites; American Water's exposure to liabilities related to environmental laws 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 GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and American Water'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 American Water or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to American Water or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect American Water's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation, and (ii) the availability of, or American Water's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of American Water'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 American Water's utility subsidiaries, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for American Water, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to American Water's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; American Water's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

Defined terms used in this press release but not defined herein shall have the meanings ascribed to such terms in American Water's Form 10-K for the year ended Dec. 31, 2022. These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties, risk factors and other statements in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water'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.

Press Release

AMERICAN WATER

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 29, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

On June 29, 2023, American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. ("American Water"), issued $1,035.0 million aggregate principal amount of its 3.625% Exchangeable Senior Notes due 2026 (the "Notes"), which included an additional $135.0 million principal amount of Notes purchased pursuant to the exercise in full of the option to purchase additional Notes granted to the Initial Purchasers (as defined below) in the Purchase Agreement (as defined below). The Notes were issued in a private placement (the "Offering") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from American Water, which serves as the functional equivalent of a guarantee by American Water of the obligations of AWCC under the Notes. The Notes bear interest at a rate of 3.625% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased. In connection with the Offering, AWCC and American Water entered into a purchase agreement (the "Purchase Agreement") with J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as representatives of the several initial purchasers named therein (the "Initial Purchasers"). AWCC issued the Notes pursuant to an indenture, dated as of June 29, 2023 (the "Indenture"), among AWCC, American Water and U.S. Bank Trust Company, National Association, as trustee.

The net proceeds to AWCC from the sale of the Notes were approximately $1,022.1 million, after deducting the Initial Purchasers' discounts and commissions but before deducting estimated offering expenses payable by AWCC. AWCC intends to use the net proceeds from the Offering to repay its commercial paper obligations and for general corporate purposes.

The Notes will be exchangeable at an initial exchange rate of 5.8213 shares of American Water's common stock, par value $0.01 per share (the "Common Stock"), per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of Common Stock, which represents an exchange premium of approximately 22.5% above the last reported sale price of $140.23 per share of Common Stock on the New York Stock Exchange on June 26, 2023). The initial exchange rate is subject to adjustment, as provided in the Indenture. Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes will be exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes to be exchanged and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of Common Stock or a combination of cash and shares of Common Stock, at AWCC's election, in respect of the remainder, if any, of its exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change (as defined in the Indenture) at a repurchase price of 100% of the principal amount of Notes to be repurchased plus any accrued and unpaid interest. In connection with certain corporate events, AWCC will, under certain circumstances, increase the exchange rate for noteholders who elect to exchange their Notes in connection with any such corporate event.

The Notes and the support agreement obligations are AWCC's and American Water's senior unsecured obligations, respectively, and, as applicable, (1) rank equal in right of payment with all of AWCC's and American Water's respective existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the Notes, (2) rank senior in right of payment to all of AWCC's and American Water's respective future obligations that are, by their terms, expressly subordinated in right of payment to the Notes and (3) rank (i) effectively junior in right of payment to all of AWCC's and American Water's respective future secured indebtedness to the extent of the value of the assets securing such indebtedness and (ii) with respect to American Water's support agreement obligations, structurally subordinated in right of payment to any liabilities of American Water's subsidiaries.

The Indenture provides for customary events of default, all as described in the Indenture.

The description of the Indenture and the Notes above is qualified in its entirety by reference to the text of the Indenture and the Notes, copies of which are included as Exhibits 4.1 and 4.2 to this Current Report on Form 8-K and are incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information with respect to the Notes and the Indenture set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference in response to this Item 2.03.

Item 3.02. Unregistered Sales of Equity Securities.

The information with respect to the Notes and the Indenture set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference in response to this Item 3.02.

AWCC offered and sold the Notes to the Initial Purchasers in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, and the Notes were offered for resale by the Initial Purchasers to persons reasonably believed to be qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A under the Securities Act. These exemptions from registration were relied upon based in part on representations made by the Initial Purchasers in the Purchase Agreement.

The Notes, the support agreement obligations and the underlying shares of Common Stock deliverable upon exchange of the Notes, if any, have not been registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Upon exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes to be exchanged and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of Common Stock or a combination of cash and shares of Common Stock, at AWCC's election, in respect of the remainder, if any, of its exchange obligation in excess of the aggregate principal amount of the Notes being exchanged. To the extent that any shares of Common Stock are issued upon exchange of the Notes, they will be issued in transactions anticipated to be exempt from registration under the Securities Act by virtue of Section 3(a)(9) thereof. A maximum of 7,380,688 shares of Common Stock may be issued upon exchange of the Notes, including pursuant to any increase in the exchange rate for any Notes exchanged in connection with a "make-whole fundamental change" (as defined in the Indenture), which maximum number of shares is subject to adjustment for certain corporate events as described in the Indenture.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
4.1*	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association.
4.2*	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.1).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: June 29, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

AMERICAN WATER CAPITAL CORP.,
as Issuer,

AMERICAN WATER WORKS COMPANY, INC.,
as Parent,

AND

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

INDENTURE

Dated as of June 29, 2023

3.625% Exchangeable Senior Notes due 2026

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EXHIBIT

Exhibit A Form of Note A-1

INDENTURE dated as of June 29, 2023 among AMERICAN WATER CAPITAL CORP., a Delaware corporation, as issuer (the "**Company**," as more fully set forth in Section 1.01), AMERICAN WATER WORKS COMPANY, INC., a Delaware corporation (the "**Parent**," as more fully set out in Section 1.01), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as trustee (the "**Trustee**," as more fully set forth in Section 1.01).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issuance of its 3.625% Exchangeable Senior Notes due 2026 (the "**Notes**"), initially in an aggregate principal amount not to exceed $1,035,000,000, and in order to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture and the Parent has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Form of Note, the certificate of authentication to be borne by each Note, the Form of Notice of Exchange, the Form of Fundamental Change Repurchase Notice and the Form of Assignment and Transfer to be borne by the Notes are to be substantially in the forms hereinafter provided; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Indenture provided, the valid, binding and legal obligations of the Company, and this Indenture a valid agreement of the Company and the Parent, have been done and performed, and the execution of this Indenture and the issuance hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the Holders thereof, each of the Company and the Parent covenants and agrees with the Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions*. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. The words "herein," "hereof," "hereunder" and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

"**Additional Interest**" means all amounts, if any, payable pursuant to Section 4.06(d), Section 4.06(e) and Section 6.03, as applicable.

"**Additional Shares**" shall have the meaning specified in Section 14.03(a).

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding anything to the contrary herein, the determination of whether one Person is an "**Affiliate**" of another Person for purposes of this Indenture shall be made based on the facts at the time such determination is made or required to be made, as the case may be, hereunder.

"**Authorized Officers**" shall have the meaning specified in Section 17.03.

"**Bid Solicitation Agent**" means the Company or the Person appointed by the Company to solicit bids for the Trading Price of the Notes in accordance with Section 14.01(b)(i). The Company shall initially act as the Bid Solicitation Agent.

"**Board of Directors**" means, with respect to the Company or the Parent, the board of directors of the Company or the Parent, as the case may be, or a committee of such board duly authorized to act for it hereunder.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company or the Parent, as the case may be, to have been duly adopted by the applicable Board of Directors, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"**Business Day**" means, with respect to any Note, any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed.

"**Capital Stock**" means, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity, but shall not include any debt securities convertible into or exchangeable for any securities otherwise constituting Capital Stock pursuant to this definition.

"**Cash Settlement**" shall have the meaning specified in Section 14.02(a).

"**Clause A Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause B Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause C Distribution**" shall have the meaning specified in Section 14.04(c).

"**close of business**" means 5:00 p.m. (New York City time).

"**Combination Settlement**" shall have the meaning specified in Section 14.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Equity**" of any Person means Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"**Common Stock**" means the common stock of the Parent, par value $0.01 per share, at the date of this Indenture, subject to Section 14.07.

"**Company**" shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article 11, shall include its successors and assigns.

"**Company Order**" means a written order of the Company, signed by any of its Officers, and delivered to the Trustee.

"**Corporate Event**" shall have the meaning specified in Section 14.01(b)(iii).

"**Corporate Trust Office**" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located for purposes of payment only at 60 Livingston Avenue, St. Paul, MN 55107, Attention: Global Corporate Trust Relationship Manager – American Water Capital Corp., and for all other purposes hereunder is located at 50 S. 16th Street, Suite 2000, Philadelphia, PA, 19102, Attention: Global Corporate Trust Relationship Manager – American Water Capital Corp. or such other address as the Trustee may designate from time to time by notice to the Holders, the Company and the Parent, or the principal corporate trust office of any successor trustee (or such other address as such successor trustee may designate from time to time by notice to the Holders, the Company and the Parent).

"**Custodian**" means the Trustee, as custodian for The Depository Trust Company, with respect to the Global Notes, or any successor entity thereto.

"**Daily Exchange Value**" means, for each of the 40 consecutive Trading Days during the relevant Observation Period, 2.5% of the product of (a) the Exchange Rate on such Trading Day and (b) the Daily VWAP for such Trading Day.

"**Daily Measurement Value**" means the Specified Dollar Amount (if any), *divided by* 40.

"**Daily Settlement Amount**," for each of the 40 consecutive Trading Days during the relevant Observation Period, shall consist of:

(a) cash in an amount equal to the lesser of (i) the Daily Measurement Value and (ii) the Daily Exchange Value on such Trading Day; and

(b) if the Daily Exchange Value on such Trading Day exceeds the Daily Measurement Value, a number of shares of Common Stock equal to (i) the difference between the Daily Exchange Value and the Daily Measurement Value, *divided by* (ii) the Daily VWAP for such Trading Day.

"**Daily VWAP**" means, for each of the 40 consecutive Trading Days during the relevant Observation Period, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "AWK <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of the Common Stock on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The "**Daily VWAP**" shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

"**Default**" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"**Default Settlement Method**" means, initially, Combination Settlement with a Specified Dollar Amount per $1,000 principal amount of Notes of $1,000.

"**Defaulted Amounts**" means any amounts on any Note (including, without limitation, the Fundamental Change Repurchase Price, principal and interest) that are payable but are not punctually paid or duly provided for.

"**Depositary**" means, with respect to each Global Note, the Person specified in Section 2.05(c) as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "**Depositary**" shall mean or include such successor.

"**Designated Financial Institution**" shall have the meaning specified in Section 14.12(a).

"**Distributed Property**" shall have the meaning specified in Section 14.04(c).

"**Effective Date**" shall have the meaning specified in Section 14.03(c), except that, as used in Section 14.04 and Section 14.05, "**Effective Date**" means the first date on which shares of the Common Stock trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable. For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of shares of the Common Stock under a separate ticker symbol or CUSIP number will not be considered "regular way" for this purpose.

"**Electronic Means**" shall have the meaning specified in Section 17.03.

"**Event of Default**" shall have the meaning specified in Section 6.01.

"**Ex-Dividend Date**" means the first date on which shares of the Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Parent or, if applicable, from the seller of Common Stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market. For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of shares of the Common Stock under a separate ticker symbol or CUSIP number will not be considered "regular way" for this purpose.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exchange Agent**" shall have the meaning specified in Section 4.02.

"**Exchange Consideration**" shall have the meaning specified in Section 14.12(a).

"**Exchange Date**" shall have the meaning specified in Section 14.02(c).

"**Exchange Election**" shall have the meaning specified in Section 14.12(a).

"**Exchange Obligation**" shall have the meaning specified in Section 14.01(a).

"**Exchange Price**" means as of any time, $1,000, *divided by* the Exchange Rate as of such time.

"**Exchange Rate**" shall have the meaning specified in Section 14.01(a).

"**Exempted Fundamental Change**" shall have the meaning specified in Section 15.02(f).

"**FATCA**" shall have the meaning specified in Section 17.18.

"**Form of Assignment and Transfer**" means the "Form of Assignment and Transfer" attached as Attachment 3 to the Form of Note attached hereto as Exhibit A.

"**Form of Fundamental Change Repurchase Notice**" means the "Form of Fundamental Change Repurchase Notice" attached as Attachment 2 to the Form of Note attached hereto as Exhibit A.

"**Form of Note**" means the "Form of Note" attached hereto as Exhibit A.

"**Form of Notice of Exchange**" means the "Form of Notice of Exchange" attached as Attachment 1 to the Form of Note attached hereto as Exhibit A.

"**Fundamental Change**" shall be deemed to have occurred at the time after the Notes are originally issued if any of the following occurs:

(a) except in connection with transactions described in clause (b) below, a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Parent, its direct or indirect Wholly Owned Subsidiaries and the employee benefit plans of the Parent and its Wholly Owned Subsidiaries, has become, and files a Schedule TO (or any successor schedule, form or report) or any schedule, form or report

under the Exchange Act that discloses that such "person" or "group" has become, the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of shares of the Common Stock representing more than 50% of the voting power of the Common Stock, unless such beneficial ownership arises solely as a result of a revocable proxy delivered in response to a public proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act and is not also then reportable on Schedule 13D or Schedule 13G (or any successor schedule) under the Exchange Act regardless of whether such a filing has actually been made; *provided* that no "person" or "group" shall be deemed to be the beneficial owner of any securities tendered pursuant to a tender or exchange offer made by or on behalf of such "person" or "group" until such tendered securities are accepted for purchase or exchange under such offer;

(b) the consummation of (A) any recapitalization, reclassification or change of the Common Stock (other than a change to par value, or from par value to no par value, or changes resulting from a subdivision or combination) as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Parent pursuant to which the Common Stock will be converted into cash, securities or other property or assets; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Parent and its Subsidiaries, taken as a whole, to any Person other than one or more of the Parent's direct or indirect Wholly Owned Subsidiaries; *provided* that a transaction described in clause (A) or clause (B) in which the holders of all classes of the Parent's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions (relative to each other) as such ownership immediately prior to such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the shareholders of the Parent or the Company, as the case may be, approve any plan or proposal for the liquidation or dissolution of the Parent or the Company, as applicable; or

(d) the Common Stock (or other common stock underlying the Notes) ceases to be listed or quoted on any Permitted Exchange unless the Common Stock (or other common stock underlying the Notes) has been concurrently accepted for listing or admitted for trading on another Permitted Exchange;

provided, *however*, that a transaction or transactions described in clause (b) above shall not constitute a Fundamental Change, if at least 90% of the consideration received or to be received by the holders of the Common Stock, excluding cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights, in connection with such transaction or transactions consists of shares of common stock that are listed or quoted on any of The New York Stock Exchange, The Nasdaq Global Select Market or The Nasdaq Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions the Notes become exchangeable into such consideration, excluding cash payments

for fractional shares and cash payments made in respect of dissenters' appraisal rights (subject to the provisions of Section 14.02(a)). If any transaction in which the Common Stock is replaced by the common stock or other Common Equity of another entity occurs, following completion of any related Make-Whole Fundamental Change Period (or, in the case of a transaction that would have been a Fundamental Change or a Make-Whole Fundamental Change but for the proviso immediately following clause (d) of this definition, following the effective date of such transaction), references to the Parent in this definition shall instead be references to such other entity.

"**Fundamental Change Company Notice**" shall have the meaning specified in Section 15.02(c).

"**Fundamental Change Repurchase Date**" shall have the meaning specified in Section 15.02(a).

"**Fundamental Change Repurchase Notice**" shall have the meaning specified in Section 15.02(b)(i).

"**Fundamental Change Repurchase Price**" shall have the meaning specified in Section 15.02(a).

The terms "**given**", "**mailed**", "**notify**" or "**sent**" with respect to any notice to be given to a Holder pursuant to this Indenture, shall mean notice (x) given to the Depositary (or its designee) pursuant to the standing instructions from the Depositary or its designee, including by electronic mail in accordance with accepted practices or procedures at the Depositary (in the case of a Global Note) or (y) mailed to such Holder by first class mail, postage prepaid, at its address as it appears on the Note Register (in the case of a Physical Note), in each case, in accordance with Section 17.03. Notice so "given" shall be deemed to include any notice to be "mailed" or "delivered," as applicable, under this Indenture.

"**Global Note**" shall have the meaning specified in Section 2.05(b).

"**Holder**," as applied to any Note, or other similar terms (but excluding the term "beneficial holder"), means any Person in whose name at the time a particular Note is registered on the Note Register.

"**Indenture**" means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

"**Initial Dividend Threshold**" shall have the meaning specified in Section 14.04(d).

"**Initial Purchasers**" means J.P. Morgan Securities LLC, Mizuho Securities USA LLC and the several other initial purchasers named in Schedule I to the Purchase Agreement.

"**Instructions**" shall have the meaning specified in Section 17.03.

"**Interest Payment Date**" means each June 15 and December 15 of each year, beginning on December 15, 2023.

"**last date of original issuance**" means (a) with respect to any Notes issued pursuant to the Purchase Agreement, and any Notes issued in exchange therefor or in substitution thereof, the date the Company first issues such Notes; and (b) with respect to any additional Notes issued pursuant to Section 2.10, and any Notes issued in exchange therefor or in substitution thereof, either (i) the later of (x) the date such Notes are originally issued and (y) the last date any Notes are originally issued as part of the same offering pursuant to the exercise of an option granted to the initial purchasers of such Notes to purchase additional Notes; or (ii) such other date as is specified in an Officer's Certificate delivered to the Trustee before the original issuance of such Notes.

"**Last Reported Sale Price**" of the Common Stock (or any other security for which a closing sale price must be determined) on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the Common Stock (or such other security) is traded. If the Common Stock (or such other security) is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "**Last Reported Sale Price**" shall be the last quoted bid price for the Common Stock (or such other security) in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the Common Stock (or such other security) is not so quoted, the "**Last Reported Sale Price**" shall be the average of the mid-point of the last bid and ask prices for the Common Stock (or such other security) on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose. The "**Last Reported Sale Price**" shall be determined without regard to after-hours trading or any other trading outside of regular trading session hours.

"**Make-Whole Fundamental Change**" means any transaction or event that constitutes a Fundamental Change (as defined above and determined after giving effect to any exceptions to or exclusions from such definition, but without regard to the *proviso* in clause (b) of the definition thereof).

"**Make-Whole Fundamental Change Period**" shall have the meaning specified in Section 14.03(a).

"**Market Disruption Event**" means, for the purposes of determining amounts due upon exchange (a) a failure by the primary U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m., New York City time, on any Scheduled Trading Day for the Common Stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in the Common Stock or in any options contracts or futures contracts relating to the Common Stock.

"**Maturity Date**" means June 15, 2026.

"**Measurement Period**" shall have the meaning specified in Section 14.01(b)(i).

"**Note**" or "**Notes**" shall have the meaning specified in the first paragraph of the recitals of this Indenture.

"**Note Register**" shall have the meaning specified in Section 2.05(a).

"**Note Registrar**" shall have the meaning specified in Section 2.05(a).

"**Notice of Exchange**" shall have the meaning specified in Section 14.02(b).

"**Observation Period**" with respect to any Note surrendered for exchange means: (i) if the relevant Exchange Date occurs prior to March 15, 2026, the 40 consecutive Trading Day period beginning on, and including, the second Trading Day immediately succeeding such Exchange Date; and (ii) if the relevant Exchange Date occurs on or after March 15, 2026, the 40 consecutive Trading Days beginning on, and including, the 41st Scheduled Trading Day immediately preceding the Maturity Date.

"**Offering Memorandum**" means the preliminary offering memorandum dated June 26, 2023, as supplemented by the related pricing term sheet dated June 26, 2023, relating to the offering and sale of the Notes.

"**Officer**" means, with respect to the Company and/or the Parent, the President, the Chief Financial Officer, the Chief Accounting Officer, the General Counsel, the Chief Executive Officer, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President") of the Company or the Parent, as applicable.

"**Officer's Certificate**," when used with respect to the Company or the Parent, means a certificate that is delivered to the Trustee and that is signed by any Officer of the Company or the Parent, as applicable. Each such certificate shall include the statements provided for in Section 17.05 if and to the extent required by the provisions of such Section. The Officer giving an Officer's Certificate pursuant to Section 4.08 shall be the principal executive, financial or accounting officer of the Company.

"**open of business**" means 9:00 a.m. (New York City time).

"**Opinion of Counsel**" means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company or the Parent, or other counsel who is reasonably acceptable to the Trustee, which opinion may contain customary exceptions and qualifications as to the matters set forth therein, that is delivered to the Trustee. Each such opinion shall include the statements provided for in Section 17.05 if and to the extent required by the provisions of such Section 17.05.

"**outstanding**," when used with reference to Notes, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except:

(a) Notes theretofore canceled by the Trustee or accepted by the Trustee for cancellation;

(b) Notes, or portions thereof, that have become due and payable and in respect of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company or the Parent) or shall have been set aside and segregated in trust by the Company or the Parent (if the Company or the Parent shall act as its own Paying Agent);

(c) Notes that have been paid pursuant to the second paragraph of Section 2.06 or Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.06 unless proof satisfactory to the Trustee is presented that any such Notes are held by protected purchasers in due course; and

(d) Notes exchanged pursuant to Article 14 and required to be cancelled pursuant to Section 2.08.

"**Parent**" shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article 11, shall include its successors and assigns.

"**Paying Agent**" shall have the meaning specified in Section 4.02.

"**Permitted Exchange**" means any of The New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their successors).

"**Person**" means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

"**Physical Notes**" means permanent certificated Notes in registered form issued in denominations of $1,000 principal amount and integral multiples thereof.

"**Predecessor Note**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.06 in lieu of or in exchange for a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note that it replaces.

"**Purchase Agreement**" means that certain Purchase Agreement, dated June 26, 2023, among the Company, the Parent, and the Initial Purchasers.

"**Reference Property**" shall have the meaning specified in Section 14.07(a).

"**Regular Record Date**," with respect to any Interest Payment Date, means the June 1 or December 1 (whether or not such day is a Business Day) immediately preceding the applicable Interest Payment Date.

"**Resale Restriction Termination Date**" shall have the meaning specified in Section 2.05(c).

"**Responsible Officer**" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter relating to this Indenture is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"**Restricted Securities**" shall have the meaning specified in Section 2.05(c).

"**Restrictive Notes Legend**" shall have the meaning specified in Section 2.05(c).

"**Rule 144**" means Rule 144 as promulgated under the Securities Act.

"**Rule 144A**" means Rule 144A as promulgated under the Securities Act.

"**Scheduled Trading Day**" means a day that is scheduled to be a Trading Day on the principal U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading. If the Common Stock is not so listed or admitted for trading, "Scheduled Trading Day" means a Business Day.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Settlement Amount**" shall have the meaning specified in Section 14.02(a)(iv)

"**Settlement Method**" means, with respect to any exchange of Notes, Cash Settlement or Combination Settlement, as elected (or deemed to have been elected) by the Company.

"**Settlement Notice**" shall have the meaning specified in Section 14.02(a)(iii).

"**Share Exchange Event**" shall have the meaning specified in Section 14.07(a).

"**Specified Dollar Amount**" means the maximum cash amount per $1,000 principal amount of Notes to be received upon exchange as specified in the Settlement Notice (or deemed specified as provided in Section 14.02(a)(iii)) related to any exchanged Notes; *provided* that the Specified Dollar Amount shall be no less than $1,000 per $1,000 principal amount of Notes.

"**Spin-Off**" shall have the meaning specified in Section 14.04(c).

"**Stock Price**" shall have the meaning specified in Section 14.03(c).

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

"**Successor Company**" shall have the meaning specified in Section 11.01(a).

"**Support Agreement**" means the support agreement, dated June 22, 2000, and amended on July 26, 2000, between the Company and the Parent, as such agreement may be hereafter amended, modified or supplemented from time to time in accordance with its terms and the terms of this Indenture.

"**Trading Day**" means, except for determining amounts due upon exchange, a day on which (i) trading in the Common Stock (or other security for which a closing sale price must be determined) generally occurs on The New York Stock Exchange or, if the Common Stock (or such other security) is not then listed on The New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which the Common Stock (or such other security) is then listed or, if the Common Stock (or such other security) is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock (or such other security) is then traded and (ii) a Last Reported Sale Price for the Common Stock (or closing sale price for such other security) is available on such securities exchange or market; *provided* that if the Common Stock (or such other security) is not so listed or traded, "**Trading Day**" means a Business Day; and *provided further* that, for purposes of determining amounts due upon exchange only, "**Trading Day**" means a day on which (x) there is no Market Disruption Event and (y) trading in the Common Stock generally occurs on The New York Stock Exchange or, if the Common Stock is not then listed on The New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then listed or admitted for trading, except that if the Common Stock is not so listed or admitted for trading, "**Trading Day**" means a Business Day.

"**Trading Price**" of the Notes on any date of determination means the average of the secondary market bid quotations obtained by the Bid Solicitation Agent for $5,000,000 principal amount of Notes at approximately 3:30 p.m., New York City time, on such determination date from three nationally recognized independent investment banking firms the Company selects for this purpose; *provided* that if three such bids cannot reasonably be obtained by the Bid Solicitation Agent but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Bid Solicitation Agent, that one bid shall be used. If, on any determination date, the Bid Solicitation Agent cannot reasonably obtain at least one bid for $5,000,000 principal amount of Notes from a nationally recognized securities dealer, then the Trading Price per $1,000 principal amount of Notes on such determination date shall be deemed to be less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Exchange Rate.

"**transfer**" shall have the meaning specified in Section 2.05(c).

"**Trigger Event**" shall have the meaning specified in Section 14.04(c).

"**Trust Indenture Act**" means the Trust Indenture Act of 1939, as amended, as it was in force at the date of execution of this Indenture; *provided*, *however*, that in the event the Trust Indenture Act of 1939 is amended after the date hereof, the term "Trust Indenture Act" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939, as so amended.

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this Indenture until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean or include each Person who is then a Trustee hereunder.

"**unit of Reference Property**" shall have the meaning specified in Section 14.07(a).

"**Valuation Period**" shall have the meaning specified in Section 14.04(c).

"**Wholly Owned Subsidiary**" means, with respect to any Person, any Subsidiary of such Person, except that, solely for purposes of this definition, the reference to "more than 50%" in the definition of "Subsidiary" shall be deemed replaced by a reference to "100%," the calculation of which shall exclude nominal amounts of the voting power of shares of Capital Stock or other interests in the relevant Subsidiary not held by such person to the extent required to satisfy local minority interest requirements outside of the United States of America.

Section 1.02. *References to Interest*. Unless the context otherwise requires, any reference to interest on, or in respect of, any Note in this Indenture or any reference to interest in the Support Agreement shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to any of Section 4.06(d), Section 4.06(e) and Section 6.03. Unless the context otherwise requires, any express mention of Additional Interest in any provision hereof shall not be construed as excluding Additional Interest in those provisions hereof where such express mention is not made.

ARTICLE 2
ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.01. *Designation and Amount*. The Notes shall be designated as the "3.625% Exchangeable Senior Notes due 2026." The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is initially limited to $1,035,000,000, subject to Section 2.10 and except for Notes authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of other Notes to the extent expressly permitted hereunder.

Section 2.02. *Form of Notes*. The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the respective forms set forth in Exhibit A, the terms and provisions of which shall constitute, and are hereby expressly incorporated in and made a part of this Indenture. To the extent applicable, the Company, the Parent and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. In the case of any conflict between this Indenture and a Note, the provisions of this Indenture shall control and govern to the extent of such conflict.

Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Custodian or the Depositary, or as may be required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or designated for issuance or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the Officer executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage or to indicate any special limitations or restrictions to which any particular Notes are subject.

Each Global Note shall represent such principal amount of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect repurchases, cancellations, transfers or exchanges for other Notes or exchanges for cash and shares of Common Stock, if any, permitted hereby. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in such manner and upon instructions given by the Holder of such Notes in accordance with this Indenture. Payment of principal (including the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, a Global Note shall be made to the Holder of such Note on the date of payment, unless a record date or other means of determining Holders eligible to receive payment is provided for herein.

Section 2.03. *Date and Denomination of Notes; Payments of Interest and Defaulted Amounts*. The Notes shall be issuable in registered form without coupons in minimum denominations of $1,000 principal amount and integral multiples thereof. Each Note shall be dated the date of its authentication and shall bear interest from the date specified on the face of such Note. Accrued interest on the Notes shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed in a 30-day month.

(a) The Person in whose name any Note (or its Predecessor Note) is registered on the Note Register at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date. The principal amount of any Note (x) in the case of any Physical Note, shall be payable at the office or agency of the Company maintained by the Company for such purposes in the continental United States, which shall initially be the Corporate Trust Office and (y) in the case of any Global Note, shall be payable by wire transfer of immediately available funds to the account of the Depositary or its nominee. The Company shall pay, or cause the Paying Agent to

pay, interest (i) on any Physical Notes (A) to Holders holding Physical Notes having an aggregate principal amount of $5,000,000 or less, by check mailed to the Holders of these Notes at their address as it appears in the Note Register and (B) to Holders holding Physical Notes having an aggregate principal amount of more than $5,000,000, either by check mailed to each such Holder or, upon written application by such a Holder to the Note Registrar not later than the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States of America if such Holder has provided the Company, the Trustee or the Paying Agent (if other than the Trustee) with the requisite information necessary to make such wire transfer, which application shall remain in effect until the Holder notifies, in writing, the Note Registrar to the contrary or (ii) on any Global Note by wire transfer of immediately available funds to the account of the Depositary or its nominee.

(b) Any Defaulted Amounts shall forthwith cease to be payable to the Holder on the relevant payment date but shall accrue interest per annum at the interest rate borne by the Notes, subject to the enforceability thereof under applicable law, from, and including, such relevant payment date, and such Defaulted Amounts together with such interest thereon shall be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Amounts to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a special record date for the payment of such Defaulted Amounts, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of the Defaulted Amounts proposed to be paid on each Note and the date of the proposed payment (which shall be not less than 25 days after the receipt by the Trustee of such notice, unless the Trustee shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Amounts or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Amounts as in this clause provided. Thereupon the Company shall fix a special record date for the payment of such Defaulted Amounts which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment, and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment (unless the Trustee shall consent to an earlier date). The Company shall promptly notify the Trustee in writing of such special record date and the Trustee, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Amounts and the special record date therefor to be delivered to each Holder not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Amounts and the special record date therefor having been so delivered, such Defaulted Amounts shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (ii) of this Section 2.03(c).

(ii) The Company may make payment of any Defaulted Amounts in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(iii) The Trustee shall not at any time be under any duty or responsibility to any Holder of Notes to determine the Defaulted Amounts, or with respect to the nature, extent, or calculation of the amount of Defaulted Amounts owed, or with respect to the method employed in such calculation of the Defaulted Amounts.

Section 2.04. *Execution, Authentication and Delivery of Notes*. The Notes shall be signed in the name and on behalf of the Company by the manual, electronic or facsimile signature of its President, Treasurer, Secretary or any of its Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President").

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order (such Company Order to include the terms of the Notes) for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes, without any further action by the Company hereunder; *provided* that, subject to Section 17.05, the Trustee shall receive an Officer's Certificate and an Opinion of Counsel of the Company with respect to the issuance, authentication and delivery of such Notes.

Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the Form of Note attached as Exhibit A hereto, executed manually by an authorized signatory of the Trustee (or an authenticating agent appointed by the Trustee as provided by Section 17.10), shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

In case any Officer of the Company who shall have signed any of the Notes shall cease to be such Officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed such Notes had not ceased to be such Officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the Officers of the Company, although at the date of the execution of this Indenture any such person was not such an Officer.

Holders of the Notes and the Trustee are entitled to the benefits of the Support Agreement available to Lenders (as defined in the Support Agreement), it being understood and agreed that the Notes constitute Debt (as defined in the Support Agreement) for purposes of the Support Agreement.

Section 2.05. *Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary.*

(a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office or in any other office or agency of the Company designated pursuant to Section 4.02, the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. The Trustee is hereby initially appointed the "**Note Registrar**" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-Note Registrars in accordance with Section 4.02.

Upon surrender for registration of transfer of any Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and upon receipt of a Company Order, the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Notes are so surrendered for exchange, the Company shall execute, and upon receipt of a Company Order, the Trustee shall authenticate and deliver, the Notes that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer, repurchase or exchange for other Notes or exchange for cash and shares of Common Stock, if any, shall (if so required by the Company, the Trustee, the Note Registrar or any co-Note Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and/or the Company and duly executed, by the Holder thereof or its attorney-in-fact duly authorized in writing.

No service charge shall be imposed by the Company, the Trustee, the Note Registrar, any co-Note Registrar or the Paying Agent for any exchange or registration of transfer of Notes, but the Company and/or the Trustee may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of new Notes issued upon such exchange or registration of transfer being different from the name of the Holder of the old Notes surrendered for exchange or registration of transfer.

None of the Company, the Trustee, the Note Registrar or any co-Note Registrar shall be required to exchange for other Notes or register a transfer of (i) any Notes surrendered for exchange for cash and shares of Common Stock, if any, or, if a portion of any Note is surrendered for exchange for cash and shares of Common Stock, if any, such portion thereof surrendered for exchange for cash and shares of Common Stock, if any, or (ii) any Notes, or a portion of any Note, surrendered for required repurchase upon a Fundamental Change (and not withdrawn) in accordance with Article 15.

All Notes issued upon any registration of transfer or exchange for other Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange for other Notes.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, unless otherwise required by law, subject to the fourth paragraph from the end of Section 2.05(c) all Notes shall be represented by one or more Notes in global form (each, a "**Global Note**") registered in the name of the Depositary or the nominee of the Depositary. Each Global Note shall bear the legend required on a Global Note set forth in Exhibit A hereto. The transfer and exchange of beneficial interests in a Global Note that does not involve the issuance of a Physical Note shall be effected through the Depositary (but not the Trustee or the Custodian) in accordance with this Indenture (including the restrictions on transfer set forth herein) and the applicable procedures of the Depositary therefor.

(c) Every Note that bears or is required under this Section 2.05(c) to bear the Restrictive Notes Legend (together with any Common Stock delivered upon exchange of the Notes that is required to bear the legend set forth in Section 2.05(d), collectively, the "**Restricted Securities**") shall be subject to the restrictions on transfer set forth in this Section 2.05(c) (including the Restrictive Notes Legend set forth below), unless such restrictions on transfer shall be eliminated or otherwise waived by written consent of the Company, and the Holder of each such Restricted Security, by such Holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.05(c) and Section 2.05(d), the term "**transfer**" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until the date (the "**Resale Restriction Termination Date**") that is the later of (1) the date that is one year after the last date of original issuance of the Notes, or such shorter period of time as permitted by Rule 144 or any successor provision thereto, and (2) such later date, if any, as may be required by applicable law, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than Common Stock, if any, delivered upon exchange thereof, which shall bear the legend set forth in Section 2.05(d), if applicable) shall bear a legend in substantially the following form (the "**Restrictive Notes Legend**") (unless such Notes have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company in writing, with notice thereof to the Trustee):

THIS SECURITY AND THE COMMON STOCK, IF ANY, DELIVERABLE UPON EXCHANGE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF AMERICAN WATER CAPITAL CORP. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO AMERICAN WATER WORKS COMPANY, INC. OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(D) ABOVE, THE COMPANY, AMERICAN WATER WORKS COMPANY, INC. AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

No transfer of any Note prior to the Resale Restriction Termination Date will be registered by the Note Registrar unless the applicable box on the Form of Assignment and Transfer has been checked.

Any Note (or security issued in exchange or substitution therefor) (i) as to which such restrictions on transfer shall have expired in accordance with their terms, (ii) that has been transferred pursuant to a registration statement that has become effective or been declared effective under the Securities Act and that continues to be effective at the time of such transfer or (iii) that has been sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, may, upon surrender of such Note for exchange to the Note Registrar in accordance with the provisions of this Section 2.05, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the Restrictive Notes Legend required by this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall be entitled to instruct the Custodian in writing to so surrender any Global Note as to which any of the conditions set forth in clause (i) through (iii) of the immediately preceding sentence have been satisfied, and, upon such instruction, the Custodian shall so surrender such Global Note for exchange; and any new Global Note so exchanged therefor shall not bear the Restrictive Notes Legend specified in this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall promptly notify the Trustee in writing upon the occurrence of the Resale Restriction Termination Date and promptly after a registration statement, if any, with respect to the Notes or any Common Stock delivered upon exchange of the Notes has been declared effective under the Securities Act.

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.05(c)), a Global Note may not be transferred as a whole or in part except (i) by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary and (ii) for exchange of a Global Note or a portion thereof for one or more Physical Notes in accordance with the second immediately succeeding paragraph.

The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints The Depository Trust Company to act as Depositary with respect to each Global Note. Initially, each Global Note shall be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the Trustee as custodian for Cede & Co.

If (i) the Depositary notifies the Company at any time that the Depositary is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days, (ii) the Depositary ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days or (iii) an Event of Default with respect to the Notes has occurred and is continuing and, subject to the Depositary's applicable procedures, a beneficial owner of any Note requests that its beneficial interest therein be issued as a Physical Note, the Company shall execute, and the Trustee, upon receipt of an Officer's Certificate and a Company Order for the authentication and delivery of Notes, shall authenticate and deliver (x) in the case of clause (iii), a Physical Note to such beneficial owner in a principal amount equal to the principal amount of such Note corresponding to such beneficial owner's beneficial interest and (y) in the case of clause (i) or (ii), Physical Notes to each beneficial owner of the related Global Notes (or a portion thereof) in an aggregate principal amount equal to the aggregate principal amount of such Global Notes in exchange for such Global Notes, and upon delivery of the Global Notes to the Trustee such Global Notes shall be canceled.

Physical Notes issued in exchange for all or a part of the Global Note pursuant to this Section 2.05(c) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, or, in the case of clause (iii) of the immediately preceding paragraph, the relevant beneficial owner, shall instruct the Trustee in writing. Upon execution and authentication, the Trustee shall deliver such Physical Notes to the Persons in whose names such Physical Notes are so registered.

At such time as all interests in a Global Note have been exchanged for cash and shares of Common Stock, if any, canceled, repurchased upon a Fundamental Change or transferred, such Global Note shall be, upon receipt thereof, canceled by the Trustee in accordance with standing procedures and existing instructions between the Depositary and the Custodian. At any time prior to such cancellation, if any interest in a Global Note is exchanged for Physical Notes, exchanged for cash and shares of Common Stock, if any, canceled, repurchased upon a Fundamental Change or transferred to a transferee who receives Physical Notes therefor or any Physical Note is exchanged or transferred for part of such Global Note, the principal amount of such Global Note shall, in accordance with the standing procedures and instructions existing between the Depositary and the Custodian, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Global Note, by the Trustee or the Custodian, at the direction of the Trustee, to reflect such reduction or increase.

None of the Company, the Parent, the Trustee or any agent of the Company, the Parent or the Trustee shall have any responsibility or liability for any act or omission of the Depositary or for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by the Depositary, or for maintaining, supervising or reviewing any records of the Depositary relating to those interests.

(d) Until the Resale Restriction Termination Date, any stock certificate representing Common Stock delivered upon exchange of a Note shall bear a legend in substantially the following form (unless such Common Stock has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or such Common Stock has been delivered upon exchange of a Note that has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company with written notice thereof to the Trustee and any transfer agent for the Common Stock):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF AMERICAN WATER WORKS COMPANY, INC. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE OF THE SERIES OF NOTES UPON THE EXCHANGE OF WHICH THIS SECURITY WAS DELIVERED OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO AMERICAN WATER WORKS COMPANY, INC. OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(D) ABOVE, THE COMPANY AND THE TRANSFER AGENT FOR THE COMPANY'S COMMON STOCK RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Any such Common Stock (i) as to which such restrictions on transfer shall have expired in accordance with their terms, (ii) that has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer or (iii) that has been sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like aggregate number of shares of Common Stock, which shall not bear the restrictive legend required by this Section 2.05(d).

The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, the Depositary or other Person with respect to the accuracy of the records of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depositary) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be the Depositary or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depositary subject to the applicable rules and procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its members, participants and any beneficial owners.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Neither the Trustee nor any of its agents shall have any responsibility for any actions taken or not taken by the Depositary.

(e) Any Note or Common Stock delivered upon the exchange of a Note that is repurchased or owned by the Company, the Parent or any Affiliate of the Company or the Parent (or any Person who was an Affiliate of the Company or the Parent at any time during the three months immediately preceding) may not be resold by the Company, the Parent or such Affiliate (or such Person, as the case may be) unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction that results in such Note or Common Stock, as the case may be, no longer being a “restricted security” (as defined under Rule 144). For the avoidance of doubt, the failure by any Affiliate of either the Company or the Parent, but not including the Company or the Parent, or any Person who was an Affiliate of either the Company or the Parent at any time during the three months immediately preceding, in each case, that is not controlled by the Company, to comply with the covenant in the immediately preceding sentence shall not constitute or give rise to a Default or an Event of Default under this Indenture.

Section 2.06. *Mutilated, Destroyed, Lost or Stolen Notes*. In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its written request the Trustee or an authenticating agent appointed by the Trustee shall authenticate and deliver, a new Note, bearing a registration number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution

for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security and/or indemnity as may be required by them to save each of them harmless from any loss, claim, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, to the Trustee and, if applicable, to such authenticating agent evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee or such authenticating agent may authenticate any such substituted Note and deliver the same upon the receipt of a Company Order and of such security and/or indemnity as the Trustee, the Company and, if applicable, such authenticating agent may require. No service charge shall be imposed by the Company, the Trustee, the Note Registrar, any co-Note Registrar or the Paying Agent upon the issuance of any substitute Note, but the Company and/or the Trustee may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of the new substitute Note being different from the name of the Holder of the old Note that became mutilated or was destroyed, lost or stolen. In case any Note that has matured or is about to mature or has been surrendered for required repurchase upon a Fundamental Change or is about to be exchanged in accordance with Article 14 shall become mutilated or be destroyed, lost or stolen, the Company may, in its sole discretion, instead of issuing a substitute Note, pay or authorize the payment of or exchange or authorize the exchange of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or exchange shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security and/or indemnity as may be required by them to save each of them harmless for any loss, claim, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, evidence satisfactory to the Company, the Trustee and, if applicable, any Paying Agent or Exchange Agent evidence of their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement, payment, exchange or repurchase of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement, payment, exchange or repurchase of negotiable instruments or other securities without their surrender.

Section 2.07. *Temporary Notes*. Pending the preparation of Physical Notes, the Company may execute and the Trustee or an authenticating agent appointed by the Trustee shall, upon receipt of a Company Order, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Physical Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every

such temporary Note shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the Physical Notes. Without unreasonable delay, the Company shall execute and deliver to the Trustee or such authenticating agent Physical Notes (other than any Global Note) and thereupon any or all temporary Notes (other than any Global Note) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 4.02 and the Trustee or such authenticating agent shall, upon receipt by the Trustee of a Company Order, authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Physical Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Physical Notes authenticated and delivered hereunder.

Section 2.08. *Cancellation of Notes Paid, Exchanged, Etc*. The Company shall cause all Notes surrendered for the purpose of payment at maturity, repurchase upon a Fundamental Change, registration of transfer or exchange for other Notes or exchange for cash and shares of Common Stock, if any, (other than any Notes exchanged pursuant to Section 14.12), if surrendered to the Company or any of its agents, to be surrendered to the Trustee for cancellation and such Notes shall no longer be considered outstanding under this Indenture upon the payment at maturity, repurchase upon a Fundamental Change, registration of transfer or exchange for other Notes or exchange for cash and shares of Common Stock, if any, (other than any Notes exchanged pursuant to Section 14.12). All Notes delivered to the Trustee shall be canceled by it in accordance with its customary procedures. Except for any Notes surrendered for registration of transfer or exchange for other Notes, or as otherwise expressly permitted by any of the provisions of this Indenture, no Notes shall be authenticated in exchange for any Notes surrendered to the Trustee for cancellation. The Trustee shall dispose of canceled Notes in accordance with its customary procedures and, after such disposition, shall deliver evidence of such disposition to the Company, at the Company's written request in a Company Order.

Section 2.09. *CUSIP Numbers*. The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in all notices issued to Holders as a convenience to such Holders; *provided* that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Note, notice or elsewhere, and, *provided*, *further*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or on such notice and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.10. *Additional Notes; Repurchases*. The Company may, without the consent of, or notice to, the Holders and notwithstanding Section 2.01, reopen this Indenture and issue additional Notes hereunder with the same terms as the Notes initially issued hereunder (other than differences in the issue date, the issue price, interest accrued prior to the issue date of such additional Notes and, if applicable, restrictions on transfer in respect of such additional Notes) in an unlimited aggregate principal amount; *provided* that if any such additional Notes are not fungible with the Notes initially issued hereunder for U.S. federal income tax or securities law purposes, such additional Notes shall have one or more separate CUSIP numbers. Prior to the issuance of any such additional Notes, the Company shall deliver to the Trustee a Company

Order, an Officer's Certificate and an Opinion of Counsel, such Officer's Certificate and Opinion of Counsel to cover such matters in addition to those required by Section 17.05, as the Trustee shall reasonably request. In addition, the Company or the Parent may, to the extent permitted by law, and directly or indirectly (regardless of whether such Notes are surrendered to the Company), repurchase Notes in the open market or otherwise, whether by the Company, the Parent or the Parent's other Subsidiaries or through a privately negotiated transaction or public tender or exchange offer or through counterparties to private agreements, including by cash-settled swaps or other derivatives, in each case, without the consent of or notice to the Holders of the Notes. The Company may, at its option and to the extent permitted by applicable law, reissue, resell or surrender to the Trustee for cancellation any Notes that it may repurchase, in the case of a reissuance or resale, so long as such Notes do not constitute "restricted securities" (as defined under Rule 144) upon such reissuance or resale; *provided* that if any such reissued or resold Notes are not fungible with the Notes initially issued hereunder for U.S. federal income tax or securities law purposes, such reissued or resold Notes shall have one or more separate CUSIP numbers. Any Notes that the Company or the Parent may repurchase (other than in connection with a Fundamental Change) shall be considered outstanding for all purposes under this Indenture (other than, at any time when such Notes are owned by the Company, the Parent, any of the Company's or the Parent's other Subsidiaries or Affiliates or any Subsidiary of any of the Company's or the Parent's other Affiliates, as set forth in Section 8.04) unless and until such time as the Company surrenders them to the Trustee for cancellation and, upon receipt of a Company Order, the Trustee shall cancel all Notes so surrendered.

ARTICLE 3
SATISFACTION AND DISCHARGE

Section 3.01. *Satisfaction and Discharge*. (a) This Indenture and the Notes shall cease to be of further effect when (i) all Notes theretofore authenticated and delivered (other than (x) Notes which have been destroyed, lost or stolen and which have been replaced, paid or exchanged as provided in Section 2.06 and (y) Notes for whose payment money has heretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 4.04(d)) have been delivered to the Trustee for cancellation; or (ii) the Company or the Parent has deposited with the Trustee or delivered to Holders, as applicable, after the Notes have become due and payable, whether on the Maturity Date, any Fundamental Change Repurchase Date, upon exchange or otherwise, cash and (in the case of an exchange of Notes, if applicable) shares of Common Stock sufficient to pay all of the outstanding Notes and all other sums due and payable under this Indenture or the Notes by the Company and the Parent; and (b) the Trustee upon request of the Company contained in an Officer's Certificate and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture and the Notes, when the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture and the Notes have been complied with. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company and the Parent to the Trustee under Section 7.06 shall survive.

ARTICLE 4
PARTICULAR COVENANTS OF THE COMPANY AND THE PARENT

Section 4.01. *Payment of Principal and Interest*. The Company covenants and agrees that it will pay or cause to be paid the principal (including the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes.

Section 4.02. *Maintenance of Office or Agency*. The Company and the Parent will maintain in the continental United States an office or agency where the Notes may be surrendered for registration of transfer or exchange for other Notes or for presentation for payment or repurchase ("**Paying Agent**") or for exchange for cash and shares of Common Stock, if any, ("**Exchange Agent**") and where notices and demands to or upon the Company or the Parent in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee in the continental United States. In acting hereunder and in connection with the Notes, the Paying Agent, the Note Registrar, and the Exchange Agent shall act solely as agents of the Company, and will not thereby assume any obligations towards or relationship of agency or trust for or with any Holder.

The Company may also from time to time designate as co-Note Registrars one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the continental United States for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The terms "**Paying Agent**" and "**Exchange Agent**" include any such additional or other offices or agencies, as applicable.

The Company hereby initially designates the Trustee as the Paying Agent, Note Registrar, Custodian and Exchange Agent and the Corporate Trust Office as the office or agency in the continental United States where Notes may be surrendered for registration of transfer or exchange for other Notes or for presentation for payment or repurchase or for exchange for cash and shares of Common Stock, if any, and where notices and demands to or upon the Company or the Parent in respect of the Notes and this Indenture may be served; *provided* that the Corporate Trust Office shall not be a place for service of legal process for the Company.

Section 4.03. *Appointments to Fill Vacancies in Trustee's Office*. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.09, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 4.04. *Provisions as to Paying Agent*. If the Company shall appoint a Paying Agent other than the Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal (including the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes in trust for the benefit of the Holders;

(ii) that it will give the Trustee prompt written notice of any failure by the Company to make any payment of the principal (including the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal (including the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes, deposit with the Paying Agent a sum sufficient to pay such principal (including the Fundamental Change Repurchase Price, if applicable) or accrued and unpaid interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee in writing of any failure to take such action; *provided* that if such deposit is made on the due date, such deposit must be received by the Paying Agent by 11:00 a.m., New York City time, on such date.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal (including the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes, set aside, segregate and hold in trust for the benefit of the Holders of the Notes a sum sufficient to pay such principal (including the Fundamental Change Repurchase Price, if applicable) and accrued and unpaid interest so becoming due and will promptly notify the Trustee in writing of any failure to take such action and of any failure by the Company to make any payment of the principal (including the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay, cause to be paid or deliver to the Trustee all sums or amounts held in trust by the Company or any Paying Agent hereunder as required by this Section 4.04, such sums or amounts to be held by the Trustee upon the trusts herein contained and upon such payment or delivery by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability but only with respect to such sums or amounts.

(d) Subject to applicable escheatment laws, any money and shares of Common Stock deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal (including the Fundamental Change Repurchase Price, if applicable) of, accrued and unpaid interest on and the consideration due upon exchange of any Note and remaining unclaimed for two years after such principal (including the Fundamental Change Repurchase Price, if applicable), interest or consideration due upon exchange has become due

and payable shall be paid to the Company on request of the Company contained in an Officer's Certificate, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money and shares of Common Stock, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 4.05. *Existence*. Subject to Article 11, each of the Company and the Parent shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 4.06. *Rule 144A Information Requirement and Annual Reports*. (a) At any time the Company or the Parent is not subject to Section 13 or 15(d) of the Exchange Act, the Company or the Parent shall, so long as any of the Notes or any shares of Common Stock deliverable upon exchange thereof shall, at such time, constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, provide, upon written request, to any Holder, beneficial owner or prospective purchaser of such Notes or any shares of Common Stock deliverable upon exchange of such Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to facilitate the resale of such Notes or shares of Common Stock pursuant to Rule 144A.

(b) The Company or the Parent shall file with the Trustee, within 15 days after the same are required to be filed with the Commission, copies of any annual or quarterly reports (on Form 10-K or Form 10-Q or any respective successor form) that the Parent is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act (excluding any such information, documents or reports, or portions thereof, subject to confidential treatment and any correspondence with the Commission, and giving effect to any grace period provided by Rule 12b-25 under the Exchange Act (or any successor thereto)). Any such document or report that the Parent files with the Commission via the Commission's EDGAR system (or any successor system) shall be deemed to be filed with the Trustee for purposes of this Section 4.06(b) at the time such documents are filed via the EDGAR system (or such successor), it being understood that the Trustee shall not be responsible for determining whether such filings have been made.

(c) Delivery of the reports, information and documents described in subsection (b) above to the Trustee is for informational purposes only, and the information and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's or the Parent's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate).

(d) If, at any time during the six-month period beginning on, and including, the date that is six months after the last date of original issuance of the Notes, the Parent fails to timely file any document or report that it is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace periods thereunder and other than reports on Form 8-K), or the Notes are not otherwise freely tradable pursuant to Rule 144 by Holders other than the Company's or the Parent's Affiliates or Holders

that were the Company's or the Parent's Affiliates at any time during the three months immediately preceding (as a result of restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes; it being understood and agreed that the assignment of a restricted CUSIP number shall not constitute a restriction pursuant to U.S. securities laws or the terms of this Indenture or the Notes, solely for purposes of this Section 4.06(d)), the Company shall pay Additional Interest on the Notes. Such Additional Interest shall accrue on the Notes at the rate of 0.50% per annum of the principal amount of the Notes outstanding for each day during such period for which the Parent's failure to file has occurred and is continuing or the Notes are not otherwise freely tradable pursuant to Rule 144 by Holders other than the Company's or the Parent's Affiliates (or Holders that were the Company's or the Parent's Affiliates at any time during the three months immediately preceding) without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes. As used in this Section 4.06(d), documents or reports that the Parent is required to "file" with the Commission pursuant to Section 13 or 15(d) of the Exchange Act does not include documents or reports that the Parent furnishes to the Commission pursuant to Section 13 or 15(d) of the Exchange Act. For purposes of this Section 4.06(d), the phrase "restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes" shall not include, for the avoidance of doubt, the assignment of a restricted CUSIP number or the existence of the Restrictive Notes Legend on Notes in compliance with Section 2.05(c), in either case, during the six-month period described in this Section 4.06(d).

(e) If, and for so long as, the Restrictive Notes Legend on the Notes specified in Section 2.05(c) has not been removed, the Notes are assigned a restricted CUSIP number or the Notes are not otherwise freely tradable pursuant to Rule 144 by Holders other than the Company's or the Parent's Affiliates or Holders that were the Company's or the Parent's Affiliates at any time during the three months immediately preceding (without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes) as of the 380th day after the last date of original issuance of the Notes issued pursuant to the Purchase Agreement or any additional Notes issued pursuant to Section 2.10, as the case may be, the Company shall pay Additional Interest on the Notes at a rate equal to 0.50% per annum of the principal amount of Notes outstanding until the Restrictive Notes Legend on the Notes has been removed in accordance with Section 2.05(c), the Notes are assigned an unrestricted CUSIP number and the Notes are freely tradable pursuant to Rule 144 by Holders other than the Company's or the Parent's Affiliates (or Holders that were the Company's or the Parent's Affiliates at any time during the three months immediately preceding) without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes.

(f) Additional Interest will be payable in arrears on each Interest Payment Date following accrual in the same manner as regular interest on the Notes.

(g) Subject to the immediately succeeding sentence, the Additional Interest that is payable in accordance with Section 4.06(d) or Section 4.06(e) shall be in addition to, and not in lieu of, any Additional Interest that may be payable as a result of the Company's election pursuant to Section 6.03. However, in no event shall Additional Interest payable for the Parent's failure to comply with its obligations to timely file any document or report that the Parent is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace periods thereunder and other than reports on

Form 8-K), as set forth in Section 4.06(d), together with any Additional Interest that may accrue at the Company's election as a result of the Parent's failure to comply with its reporting obligations pursuant to Section 6.03, accrue at a rate in excess of 0.50% per annum pursuant to this Indenture, regardless of the number of events or circumstances giving rise to the requirement to pay such Additional Interest.

(h) If Additional Interest is payable by the Company pursuant to Section 4.06(d) or Section 4.06(e), the Company shall deliver to the Trustee an Officer's Certificate to that effect stating (i) the amount of such Additional Interest that is payable and (ii) the date on which such Additional Interest is payable. Unless and until a Responsible Officer of the Trustee receives at the Corporate Trust Office such Officer's Certificate, the Trustee may conclusively assume without inquiry that no such Additional Interest is payable. If the Company has paid Additional Interest directly to the Persons entitled to it, the Company shall deliver to the Trustee an Officer's Certificate setting forth the particulars of such payment.

Section 4.07. *Stay, Extension and Usury Laws*. Each of the Company and the Parent covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Company or the Parent from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and each of the Company and the Parent (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.08. *Compliance Certificate; Statements as to Defaults*. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Parent (beginning with the fiscal year ending on December 31, 2023) an Officer's Certificate stating whether the signers thereof have knowledge of any Event of Default that occurred during the previous year and, if so, specifying each such Event of Default and the nature thereof.

In addition, the Company shall deliver to the Trustee, within 30 days after the Company obtains knowledge of the occurrence of any Event of Default or Default, an Officer's Certificate setting forth the details of such Event of Default or Default, its status and the action that the Company is taking or proposing to take in respect thereof; *provided* that the Company is not required to deliver such notice if such Event of Default or Default has been cured.

Section 4.09. *Further Instruments and Acts*. Upon request of the Trustee, each of the Company and the Parent will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.10. *Support Agreement*. The Parent covenants and agrees for the benefit of the Holders that it will not (a) cancel or terminate the Support Agreement as in effect on the date of this Indenture or (b) amend or otherwise modify the terms of the Support Agreement, except, in each case, in accordance with the terms of the Support Agreement in effect on the date of this Indenture. The Company covenants and agrees for the benefit of the Holders that it will not permit the Parent to (a) cancel or terminate the Support Agreement as in effect on the date of this Indenture or (b) amend or otherwise modify the terms of the Support Agreement, except, in each case, in accordance with the terms of the Support Agreement in effect on the date of this Indenture.

ARTICLE 5
LISTS OF HOLDERS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. *Lists of Holders*. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semi-annually, not more than 15 days after each January 1 and July 1 in each year beginning with January 1, 2024, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the Holders as of a date not more than 15 days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note Registrar.

Section 5.02. *Preservation and Disclosure of Lists*. The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to it as provided in Section 5.01 or maintained by the Trustee in its capacity as Note Registrar, if so acting. The Trustee may dispose of any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01. *Events of Default*. Each of the following events shall be an "**Event of Default**" with respect to the Notes:

(a) default in any payment of interest on any Note when due and payable, and the default continues for a period of 30 days;

(b) default in the payment of principal of any Note when due and payable on the Maturity Date, upon any required repurchase, upon declaration of acceleration or otherwise;

(c) failure by the Company to comply with its obligation to exchange the Notes in accordance with this Indenture upon exercise of a Holder's exchange right and such failure continues for three Business Days;

(d) failure by the Company to give (i) a Fundamental Change Company Notice in accordance with Section 15.02(c) or notice of a Make-Whole Fundamental Change in accordance with Section 14.03(b), in either case when due and such failure continues for two Business Days, or (ii) notice of a specified corporate transaction in accordance with Section 14.01(b)(ii) or 14.01(b)(iii) when due and such failure continues for one Business Day;

(e) failure by the Company or the Parent for 60 days after written notice from the Trustee or the Holders of at least 25% in principal amount of the Notes then outstanding has been received by the Company or the Parent, as applicable, to comply with any other covenants or agreements contained in the Notes and this Indenture; *provided*, *however*, Holders will be deemed to have agreed to an extension of such 60-day period to 120 days so long as corrective action is initiated by the Company or the Parent within such 60-day period unless such corrective action is no longer being diligently pursued;

(f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company or the Parent (or the payment of which is guaranteed by the Company or the Parent), if that default is caused by a failure to pay principal at its stated maturity after giving effect to any applicable grace period, or results in the acceleration of such indebtedness prior to its stated maturity and, in each case, the principal amount of any such indebtedness, together with the principal amount of any other indebtedness under which there has been a payment default after stated maturity or the maturity of which has been so accelerated, aggregates $100 million or more;

(g) failure by the Company or the Parent to pay final judgments aggregating (to the extent not paid or insured) in excess of $100 million, which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay;

(h) the Company or the Parent shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or the Parent or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or the Parent or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due;

(i) an involuntary case or other proceeding shall be commenced against the Company or the Parent seeking liquidation, reorganization or other relief with respect to the Company or the Parent or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or the Parent or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 consecutive days; or

(j) except as permitted pursuant to the terms of this Indenture, any provision of the Support Agreement shall cease for any reason to be in full force or effect, or the Parent contests in any manner the validity or enforceability of any such provision, or any Person acting on the Parent's behalf, shall deny or disaffirm the Parent's obligations under the Support Agreement.

Section 6.02. *Acceleration; Rescission and Annulment*. If one or more Events of Default shall have occurred and be continuing, then and in each and every such case (other than an Event of Default specified in Section 6.01(h) or Section 6.01(i), unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04, by notice in writing to the Company (and to the Trustee if given by Holders), may (and the Trustee, at the written request of such Holders, shall) declare 100% of the principal of, and accrued and unpaid interest, if any, on, all the outstanding Notes to be due and payable immediately, and upon any such declaration the same shall become and shall automatically be immediately due and payable, anything contained in this Indenture or in the Notes to the contrary notwithstanding. If an Event of Default specified in Section 6.01(h) or Section 6.01(i) occurs and is continuing, 100% of the principal of, and accrued and unpaid interest, if any, on, all Notes shall become and shall automatically be immediately due and payable.

The immediately preceding paragraph, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all existing Events of Default under this Indenture, other than the nonpayment of the principal of and accrued and unpaid interest, if any, on Notes that shall have become due solely by such acceleration, shall have been cured or waived pursuant to Section 6.09, then and in every such case (except as provided in the immediately succeeding sentence) the Holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all Defaults or Events of Default with respect to the Notes and rescind and annul such declaration and its consequences and such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent Default or Event of Default, or shall impair any right consequent thereon. Notwithstanding anything to the contrary herein, no such waiver or rescission and annulment shall extend to or shall affect any Default or Event of Default resulting from (i) the nonpayment of the principal (including the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, any Notes, (ii) a failure to repurchase any Notes when required or (iii) a failure to pay or deliver, as the case may be, the consideration due upon exchange of the Notes.

Section 6.03. *Additional Interest*. Notwithstanding anything in this Indenture or in the Notes to the contrary, to the extent the Company elects, the sole remedy for an Event of Default relating to the Company's failure to comply with its obligations as set forth in Section 4.06(b) shall, for the first 365 days after the occurrence of such an Event of Default, consist exclusively of the right to receive Additional Interest on the Notes at a rate equal to (x) 0.25% per annum of the principal amount of the Notes outstanding for each day during the first 180 days after the occurrence of such Event of Default and (y) 0.50% per annum of the principal amount of the Notes outstanding from the 181st day to, and including, the 365th day following the occurrence of such Event of Default, as long as such Event of Default is continuing. Subject to the last paragraph of this Section 6.03, Additional Interest payable pursuant to this Section 6.03 shall be in addition to, not in lieu of, any Additional Interest payable pursuant to Section 4.06(d) or Section 4.06(e). If the Company so elects, such Additional Interest shall be payable in the same manner and on the same dates as the stated interest payable on the Notes. On the 366th day after such Event of Default (if the Event of Default relating to the Company's failure to comply with

its obligations as set forth in Section 4.06(b) is not cured or waived prior to such 366th day), the Notes shall be immediately subject to acceleration as provided in Section 6.02. The provisions of this paragraph will not affect the rights of Holders in the event of the occurrence of any Event of Default other than the Company's failure to comply with its obligations as set forth in Section 4.06(b). In the event the Company does not elect to pay Additional Interest following an Event of Default in accordance with this Section 6.03 or the Company elected to make such payment but does not pay the Additional Interest when due, the Notes shall be immediately subject to acceleration as provided in Section 6.02.

In order to elect to pay Additional Interest as the sole remedy during the first 365 days after the occurrence of any Event of Default relating to the Company's failure to comply with its obligations as set forth in Section 4.06(b) in accordance with the immediately preceding paragraph, the Company must notify all Holders of the Notes, the Trustee and the Paying Agent in writing of such election prior to the beginning of such 365-day period. Upon the failure to timely give such notice, the Notes shall be immediately subject to acceleration as provided in Section 6.02.

In no event shall Additional Interest payable at the Company's election for failure to comply with its obligations as set forth in Section 4.06(b) as set forth in this Section 6.03, together with any Additional Interest that may accrue as a result of the Parent's failure to timely file any document or report that the Parent is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace periods thereunder and other than reports on Form 8-K), pursuant to Section 4.06(d), accrue at a rate in excess of 0.50% per annum pursuant to this Indenture, regardless of the number of events or circumstances giving rise to the requirement to pay such Additional Interest.

Section 6.04. *Payments of Notes on Default; Suit Therefor*. If an Event of Default described in clause (a) or (b) of Section 6.01 shall have occurred and be continuing, the Company shall, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest, if any, with interest on any overdue principal and interest, if any, at the interest rate borne by the Notes at such time and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 7.06. If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company, the Parent or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company, the Parent or any other obligor upon the Notes, wherever situated.

In the event there shall be pending proceedings for the bankruptcy or for the reorganization of the Company, the Parent or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company, the Parent or such other obligor, the property of the Company, the Parent or such other obligor, or in the event of any other judicial proceedings relative to the Company, the Parent or such other obligor upon the Notes, or to the

creditors or property of the Company, the Parent or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.04, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and accrued and unpaid interest, if any, in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents and to take such other actions as it may deem necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, and the reasonable compensation, expenses, disbursements and advances of its agents and counsel) and of the Holders allowed in such judicial proceedings relative to the Company, the Parent or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Holders to make such payments to the Trustee, as administrative expenses, and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for compensation, expenses, advances and disbursements, including the reasonable fees and expenses of its agents and counsel, and including any other amounts due to the Trustee under Section 7.06, incurred by it up to the date of such distribution. To the extent that such payment of compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property that the Holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting such Holder or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, the Support Agreement or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the compensation, expenses, disbursements and advances of the Trustee, and the reasonable compensation, expenses, disbursements and advances of its agents and counsel, be for the ratable benefit of the Holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Holders of the Notes parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture or the Support Agreement and such proceedings shall have been discontinued or abandoned because of any waiver pursuant to Section 6.09 or any rescission and annulment pursuant to Section 6.02 or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Parent, the Holders and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Parent, the Holders and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.05. *Application of Monies Collected by Trustee*. Any monies collected by the Trustee pursuant to this Article 6 with respect to the Notes shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and, with respect to any Physical Notes, stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First, to the payment of all amounts due the Trustee in all of its capacities under Section 7.06 of this Indenture;

Second, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest on, and any cash due upon exchange of, the Notes in default in the order of the date due of the payments of such interest and cash due upon exchange, as the case may be, with interest (to the extent that such interest has been collected by the Trustee) upon such overdue payments at the rate of interest borne by the Notes at such time, such payments to be made ratably to the Persons entitled thereto;

Third, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid, to the payment of the whole amount (including, if applicable, the payment of the Fundamental Change Repurchase Price and any cash due upon exchange) then owing and unpaid upon the Notes for principal and interest, if any, with interest on the overdue principal and, to the extent that such interest has been collected by the Trustee, upon overdue installments of interest at the rate of interest borne by the Notes at such time, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal (including, if applicable, the Fundamental Change Repurchase Price and any cash due upon exchange) and interest without preference or priority of principal over interest, or of interest over principal or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal (including, if applicable, the Fundamental Change Repurchase Price and any cash due upon exchange) and accrued and unpaid interest; and

Fourth, to the payment of the remainder, if any, to the Company.

Section 6.06. *Proceedings by Holders*. Except to enforce the right to receive payment of principal (including, if applicable, the Fundamental Change Repurchase Price) or interest when due, or the right to receive payment or delivery of the consideration due upon exchange, no Holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture or the Notes to institute any suit, action or proceeding in equity or at law upon or under

or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless:

(a) such Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as herein provided;

(b) Holders of at least 25% in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder;

(c) such Holders shall have offered to the Trustee such security and/or indemnity satisfactory to it against any loss, claim, liability or expense to be incurred therein or thereby;

(d) the Trustee has not complied with such request for 60 days after its receipt of such notice, request and offer of such security and/or indemnity; and

(e) no direction that, in the opinion of the Trustee, is inconsistent with such written request shall have been given to the Trustee by the Holders of a majority of the aggregate principal amount of the Notes then outstanding within such 60-day period pursuant to Section 6.09,

it being understood and intended, and being expressly covenanted by the taker and Holder of every Note with every other taker and Holder and the Trustee that no one or more Holders shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture or the Support Agreement to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain priority over or preference to any other such Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holder), or to enforce any right under this Indenture or the Support Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Holders (except as otherwise provided herein). For the protection and enforcement of this Section 6.06, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, each Holder (1) shall have the right to receive payment or delivery, as the case may be, of (x) the principal (including the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest, if any, on, and (z) the consideration due upon exchange of, such Note, on or after the respective due dates expressed or provided for in such Note or in this Indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be, and (2) shall be considered a Lender (as defined in the Support Agreement) and shall have all rights of a Lender set forth therein.

Section 6.07. *Proceedings by Trustee*. In case of an Event of Default, the Trustee may proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.08. *Remedies Cumulative and Continuing*. Except as provided in the last paragraph of Section 2.06, all powers and remedies given by this Article 6 to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of any of the Notes to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provisions of Section 6.06, every power and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 6.09. *Direction of Proceedings and Waiver of Defaults by Majority of Holders*. The Holders of a majority of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided*, *however*, that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action deemed proper by the Trustee and that is not inconsistent with such direction. The Trustee may refuse to follow any direction that it determines is unduly prejudicial to the rights of any other Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Holders) or that would involve the Trustee in personal liability. Prior to taking any such action hereunder, the Trustee shall be entitled to indemnification and/or security satisfactory to it against all fees, losses, liabilities and expenses (including reasonable attorney's fees and expenses) caused by or that might be caused by taking or not taking such action. The Holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 may on behalf of the Holders of all of the Notes waive any past Default or Event of Default hereunder and its consequences except any continuing defaults relating to (i) a default in the payment of accrued and unpaid interest, if any, on, or the principal (including any Fundamental Change Repurchase Price) of, the Notes when due that has not been cured pursuant to the provisions of Section 6.01, (ii) a failure by the Company to pay or deliver, as the case may be, the consideration due upon exchange of the Notes or (iii) a default in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of each Holder of an outstanding Note affected. Upon any such waiver the Company, the Parent, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 6.09, said Default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.10. *Notice of Defaults*. The Trustee shall, within 90 days after the occurrence and continuance of a Default, deliver to all Holders notice of all Defaults known to the Trustee in accordance with the terms of this Indenture, unless such Defaults shall have been cured or waived before the giving of such notice; *provided* that, except in the case of a Default in the payment of the principal of (including the Fundamental Change Repurchase Price, if applicable), or accrued and unpaid interest on, any of the Notes or a Default in the payment or delivery of the consideration due upon exchange, the Trustee shall be protected in withholding (but shall not be obligated to withhold) such notice if and so long as it determines that the withholding of such notice is in the interests of the Holders.

Section 6.11. *Undertaking to Pay Costs*. All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 6.11 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Notes at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or accrued and unpaid interest, if any, on any Note (including, but not limited to, the Fundamental Change Repurchase Price, if applicable) on or after the due date expressed or provided for in such Note or to any suit for the enforcement of the right to exchange any Note, or receive the consideration due upon exchange, in accordance with the provisions of Article 14.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. *Duties and Responsibilities of Trustee*. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the event an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided* that the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, claim, liability or expense that might be incurred by it in compliance with such request or direction.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith and willful misconduct on the part of the Trustee, the Trustee may, as to the truth of the statements and the correctness of the opinions expressed therein, conclusively rely upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority of the aggregate principal amount of the Notes at the time outstanding determined as provided in Section 8.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 7.01 and Section 7.02 hereof;

(e) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, entitlement to receive or any other matters relating to payment) or notice effected by the Company or any Paying Agent or any records maintained by any co-Note Registrar with respect to the Notes;

(f) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively rely on its failure to receive such notice as reason to act as if no such event occurred;

(g) in the rights, privileges, immunities, benefits, indemnities, protections afforded to the Trustee pursuant to this Article 7 shall be afforded to the Trustee in each of its capacities hereunder, including, without limitation, in its capacities as Custodian, Note Registrar, Paying Agent, Exchange Agent or other transfer agent hereunder; and

(h) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 7.02. *Reliance on Documents, Opinions, Etc*. Except as otherwise provided in Section 7.01:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, coupon or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company or the Parent, as applicable. The Trustee shall not be responsible or liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate;

(c) whenever in the administration of this Indenture, the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on its part, conclusively rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel of its selection, and require an Opinion of Counsel and any advice of such counsel or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in reliance on such advice or Opinion of Counsel;

(e) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company or the Parent, personally or by agent or attorney at the expense of the Company or the Parent and shall incur no liability of any kind by reason of such inquiry or investigation;

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, custodians, nominees or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, custodian, nominee or attorney appointed by it with due care hereunder;

(g) the permissive rights of the Trustee enumerated herein shall not be construed as duties;

(h) the Trustee may request that the Company deliver an Officer's Certificate setting forth the names of the individuals and/or titles of officers authorized at such times to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any Person authorized to sign an Officer's Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded;

(i) neither the Trustee nor any of its directors, officers, employees, agents, or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Company, or any of their respective directors, members, officers, agents, affiliates, or employees, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee shall not be responsible for any inaccuracy in the information obtained from the Company or for any inaccuracy or omission in the records which may result from such information or any failure by the Trustee to perform its duties or set forth herein as a result of any inaccuracy or incompleteness;

(j) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Trustee shall not be responsible or liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers;

(l) the Trustee shall not be required to give any bond or surety in respect of the execution of the trusts, powers, and duties under this Indenture;

(m) in acting to enforce any right under the Support Agreement, the Trustee shall be entitled to all of the rights, benefits, privileges, protections, immunities, and indemnities provided to it under this Indenture as if specifically set forth therein;

(n) in no event shall the Trustee be liable for any special, indirect, punitive, or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(o) the Trustee shall not be charged with knowledge of any Default or Event of Default with respect to the Notes, unless written notice of any event which is in fact such a Default or Event of Default, as the case may be, is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes, the Company, and this Indenture.

Section 7.03. *No Responsibility for Recitals, Etc*. The recitals contained herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company and the Parent, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. Neither the Trustee nor any Paying Agent shall be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 7.04. *Trustee, Paying Agents, Exchange Agents, Bid Solicitation Agent or Note Registrar May Own Notes*. The Trustee, any Paying Agent, any Exchange Agent, Bid Solicitation Agent (if other than the Company or any Affiliate thereof) or Note Registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not the Trustee, Paying Agent, Exchange Agent, Bid Solicitation Agent or Note Registrar.

Section 7.05. *Monies and Shares of Common Stock to Be Held in Trust*. All monies and shares of Common Stock received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money and shares of Common Stock held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money or shares of Common Stock received by it hereunder except as may be agreed from time to time by the Company and the Trustee.

Section 7.06. *Compensation and Expenses of Trustee*. The Company and the Parent, jointly and severally, covenant and agree to pay to the Trustee from time to time and the Trustee shall receive such compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to in writing between the Trustee and the Company, and the Company and the Parent, jointly and severally, will pay or reimburse the Trustee in each of its capacities hereunder upon its request for (i) all reasonable expenses, disbursements and advances incurred or made by the Trustee in any of its capacities hereunder in connection with the preparation, negotiation, execution, delivery and administration of this Indenture, or any amendments, modifications or waivers of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel and of all Persons not regularly in its employ), or (ii) all expenses, disbursements and advances incurred or made by the Trustee in any of its capacities hereunder in connection with the enforcement of this Indenture or any transactions contemplated under this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel and of all Persons not regularly in its employ), except any such expense, disbursement or advance as shall have been caused by its gross negligence or willful misconduct (as adjudicated by a court of competent jurisdiction in a final non-appealable decision). The Company and the Parent, jointly and severally, covenant to indemnify the Trustee or any predecessor Trustee in any capacity under this Indenture and any other document or transaction entered into in connection herewith and its agents and any authenticating agent for, and to hold them harmless against, any loss, claim, damage, liability or expense (including reasonable attorneys' fees and expenses) incurred without gross negligence or willful misconduct on the part of the Trustee, its officers, directors, agents or employees, or such agent or authenticating agent, as the case may be (as adjudicated by a court of competent jurisdiction in a final non-appealable decision), and arising out of or in connection with the acceptance or administration of this Indenture or in any other capacity hereunder and the enforcement of this Indenture (including this Section 7.06), including the costs and expenses of defending themselves against any claim, including, without limitation, any and all reasonable attorneys' fees and expenses (whether asserted by the Company, the Parent, any Holder or any other Person) of liability in the premises. The obligations of the Company and the Parent under this Section 7.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a senior claim to

which the Notes are hereby made subordinate on all money or property held or collected by the Trustee, except, subject to the effect of Section 6.05, funds held in trust herewith for the benefit of the Holders of particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.06 shall not be subordinate to any other liability or indebtedness of the Company or the Parent. The obligation of the Company and the Parent under this Section 7.06 shall survive the satisfaction and discharge of this Indenture and the earlier resignation or removal of the Trustee. The Company or the Parent, as applicable, need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The indemnification provided in this Section 7.06 shall extend to the officers, directors, agents, employees of the Trustee and any successor Trustee hereunder.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee and its agents and any authenticating agent incur expenses or render services after an Event of Default specified in Section 6.01(h) or Section 6.01(i) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws.

Section 7.07. *Officer's Certificate as Evidence*. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence and willful misconduct, on the part of the Trustee, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee, and such Officer's Certificate, in the absence of gross negligence and willful misconduct on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Eligibility of Trustee*. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act (as if the Trust Indenture Act were applicable hereto) to act as such and has a combined capital and surplus of at least $50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section 7.08, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08, it shall resign promptly in the manner and with the effect hereinafter specified in this Article.

Section 7.09. *Resignation or Removal of Trustee*.

(a) The Trustee may at any time resign by giving written notice of such resignation to the Company and by delivering notice thereof to the Holders. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Company's Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 45 days after the giving of such notice of resignation to the Holders, the resigning Trustee may, upon ten Business

Days' notice to the Company and the Holders, petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor trustee, or any Holder who has been a bona fide Holder of a Note or Notes for at least six months (or since the date of this Indenture) may, subject to the provisions of Section 6.11, on behalf of himself or herself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in either case, the Company may by a Board Resolution remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Company's Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any Holder who has been a bona fide Holder of a Note or Notes for at least six months (or since the date of this Indenture) may, on behalf of himself or herself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Notes at the time outstanding, as determined in accordance with Section 8.04, may at any time remove the Trustee and nominate a successor trustee that shall be deemed appointed as successor trustee unless within ten days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed (at the expense of the Company) or any Holder, upon the terms and conditions and otherwise as in Section 7.09(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.09 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.10.

Section 7.10. *Acceptance by Successor Trustee*. Any successor trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally

named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a senior claim to which the Notes are hereby made subordinate on all money or property held or collected by such trustee as such, except for funds held in trust for the benefit of Holders of particular Notes, to secure any amounts then due it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.10, each of the Company and the successor trustee, at the written direction and at the expense of the Company shall deliver or cause to be delivered notice of the succession of such trustee hereunder to the Holders. If the Company fails to deliver such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be delivered at the expense of the Company.

Section 7.11. *Succession by Merger, Etc*. Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including the administration of this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* that in the case of any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee such corporation or other entity shall be eligible under the provisions of Section 7.08.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee or authenticating agent appointed by such predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee or an authenticating agent appointed by such successor trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; *provided*, *however*, that the right to adopt the certificate of authentication of any predecessor trustee or to authenticate Notes in the name of any predecessor trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.12. *Trustee's Application for Instructions from the Company*. Any application by the Trustee for written instructions from the Company (other than with regard to any action proposed to be taken or omitted to be taken by the Trustee that affects the rights of the Holders of the Notes under this Indenture) may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable to the Company under the terms of this Indenture for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application, unless, prior to taking any such action (or the effective date in the case of any omission), the Trustee shall have received written instructions in accordance with this Indenture in response to such application specifying the action to be taken or omitted.

ARTICLE 8
CONCERNING THE HOLDERS

Section 8.01. *Action by Holders*. Whenever in this Indenture it is provided that the Holders of a specified percentage of the aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 9, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicits the taking of any action by the Holders of the Notes, the Company or the Trustee may, but shall not be required to, fix in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date, if one is selected, shall be not more than fifteen days prior to the date of commencement of solicitation of such action.

Section 8.02. *Proof of Execution by Holders*. Subject to the provisions of Section 7.01, Section 7.02 and Section 9.05, proof of the execution of any instrument or writing by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the Note Register or by a certificate of the Note Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

Section 8.03. *Who Are Deemed Absolute Owners*. The Company, the Trustee, any authenticating agent, any Paying Agent, any Exchange Agent and any Note Registrar may deem the Person in whose name a Note shall be registered upon the Note Register to be, and may treat it as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Note Registrar) for the purpose of receiving payment of or on account of the principal (including any Fundamental Change Repurchase Price) of and (subject to Section 2.03) accrued and unpaid interest on such Note, for exchange of such Note and for all other purposes under this Indenture; and neither the Company nor the Trustee nor any Paying Agent nor any Exchange Agent nor any Note Registrar shall be affected nor incur any liability by any notice to the contrary. The sole registered holder of a Global Note shall be the Depositary or

its nominee. All such payments or deliveries so made to any Holder for the time being, or upon its order, shall be valid, and to the extent of the sums or shares of Common Stock so paid or delivered, effectual to satisfy and discharge the liability for monies payable or shares deliverable upon any such Note. Notwithstanding anything to the contrary in this Indenture or the Notes following an Event of Default, any holder of a beneficial interest in a Global Note may directly enforce against the Company, without the consent, solicitation, proxy, authorization or any other action of the Depositary or any other Person, such holder's right to exchange such beneficial interest for a Note in certificated form in accordance with the provisions of this Indenture.

Section 8.04. *Company-Owned Notes Disregarded*. In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes that are owned by the Company, the Parent, by any other Subsidiary of the Parent or by any Affiliate of the Company, the Parent or any other Subsidiary of the Parent shall be disregarded and deemed not to be outstanding for the purpose of any such determination; *provided* that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes that a Responsible Officer actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 8.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to so act with respect to such Notes and that the pledgee is not the Company, the Parent, any other Subsidiary of the Parent or an Affiliate of the Company, the Parent or any other Subsidiary of the Parent. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officer's Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to Section 7.01, the Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 8.05. *Revocation of Consents; Future Holders Bound*. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage of the aggregate principal amount of the Notes specified in this Indenture in connection with such action, any Holder of a Note that is shown by the evidence to be included in the Notes the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note and of any Notes issued in exchange or substitution therefor or upon registration of transfer thereof, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor or upon registration of transfer thereof.

ARTICLE 9
HOLDERS' MEETINGS

Section 9.01. *Purpose of Meetings*. A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 9 for any of the following purposes:

(a) to give any notice to the Company, to the Parent or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder (in each case, as permitted under this Indenture) and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

Section 9.02. *Call of Meetings by Trustee*. The Trustee may at any time call a meeting of Holders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 8.01, shall be delivered to Holders of such Notes. Such notice shall also be delivered to the Company. Such notices shall be delivered not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Notes then outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 9.03. *Call of Meetings by Company or Holders*. In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% of the aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have delivered the notice of such meeting within 20 days after receipt of such request, then the Company or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by delivering notice thereof as provided in Section 9.02.

Section 9.04. *Qualifications for Voting*. To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Notes on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Notes on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05. *Regulations*. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in aggregate principal amount of the outstanding Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each $1,000 principal amount of Notes held or represented by him or her; *provided*, *however*, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 9.02 or Section 9.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 9.06. *Voting*. The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding aggregate principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was delivered as provided in Section 9.02. The record shall show the aggregate principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07. *No Delay of Rights by Meeting*. Nothing contained in this Article 9 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Notes.

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.01. *Supplemental Indentures Without Consent of Holders*. Without the consent of any Holders, the Company, the Parent and the Trustee, at the Company's expense, may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to provide for the assumption by a Successor Company of the obligations of the Company or the Parent, as the case may be, under this Indenture pursuant to Article 11 or of the Parent under the Support Agreement with respect to the Notes;

(c) to add guarantees with respect to the Notes;

(d) to secure the Notes;

(e) to add to the covenants or Events of Default of the Company or the Parent for the benefit of the Holders or surrender any right or power conferred upon the Company or the Parent;

(f) to make any change that does not adversely affect the rights of any Holder;

(g) in connection with any Share Exchange Event, to provide that the Notes are exchangeable for Reference Property, subject to the provisions of Section 14.02, and make such related changes to the terms of the Notes to the extent expressly required by Section 14.07;

(h) to conform the provisions of this Indenture or the Notes to the "Description of Notes" section of the Offering Memorandum as evidenced in an Officer's Certificate;

(i) to comply with the rules of the Depositary so long as such amendment does not adversely affect the rights of any Holder in any material respect;

(j) to appoint a successor trustee with respect to the Notes;

(k) to increase the Exchange Rate as provided in this Indenture;

(l) to provide for the acceptance of appointment by a successor Trustee, Note Registrar, Paying Agent, Bid Solicitation Agent or Exchange Agent to facilitate the administration of the trusts under this Indenture by more than one trustee;

(m) to irrevocably elect a Settlement Method or a Specified Dollar Amount, or eliminate the Company's right to elect a Settlement Method; *provided* that no such election or elimination shall affect any Settlement Method theretofore elected (or deemed to be elected) with respect to any Note pursuant to the provisions of Article 14; *provided further*, that in no event shall the Specified Dollar Amount be less than $1,000 per $1,000 principal amount of Notes; or

(n) to effect assumption by the Parent pursuant to Section 11.03.

Upon the written request of the Company, the Trustee is hereby authorized to join with the Company and the Parent in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture that affects the Trustee's own rights, duties, indemnities, liabilities, privileges, or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company, the Parent and the Trustee without the consent of the Holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02. *Supplemental Indentures with Consent of Holders*. With the consent (evidenced as provided in Article 8) of the Holders of at least a majority of the aggregate principal amount of the Notes then outstanding (determined in accordance with Article 8 and including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, the Notes), the Company, the Parent and the Trustee, at the Company's expense, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, the Notes or any supplemental indenture or of modifying in any manner the rights of the Holders; *provided*, *however*, that, without the consent of each Holder of an outstanding Note affected, no such supplemental indenture shall:

(a) reduce the principal amount of Notes whose Holders must consent to an amendment;

(b) reduce the rate of or extend the stated time for payment of interest on any Note;

(c) reduce the principal of or extend the Maturity Date of any Note;

(d) except as required by this Indenture, make any change that adversely affects the exchange rights of any Notes;

(e) reduce the Fundamental Change Repurchase Price of any Note or amend or modify in any manner adverse to the Holders the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(f) make any Note payable in a currency, or at a place of payment, other than that stated in the Note;

(g) change the ranking of the Notes;

(h) make any change in this Article 10 that requires each Holder's consent or in the waiver provisions in Section 6.02 or Section 6.09; or

(i) except as permitted in this Indenture, release the Parent from its obligations under the Support Agreement with respect to the Notes.

In addition, without the consent of each Holder of an outstanding Note affected, the Parent shall not be released from its obligations under the Support Agreement with respect to the Notes.

Upon the written request of the Company, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid and subject to Section 10.05, the Trustee shall join with the Company and the Parent in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties, indemnities or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Holders do not need under this Section 10.02 to approve the particular form of any proposed supplemental indenture. It shall be sufficient if such Holders approve the substance thereof. After any such supplemental indenture becomes effective, the Company shall deliver to the Holders a notice briefly describing such supplemental indenture. However, the failure to give such notice to all the Holders, or any defect in the notice, will not impair or affect the validity of the supplemental indenture.

For the avoidance of doubt, the Trustee shall not be responsible for making any determination as to whether or not the consent of the Holders, or what percentage of such Holders, is required in connection with any amendment, supplement or waiver of any provision of this Indenture or the rights of the Holders.

Section 10.03. *Effect of Supplemental Indentures*. Upon the execution of any supplemental indenture pursuant to the provisions of this Article 10, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties, indemnities, privileges, liabilities and immunities under this Indenture of the Trustee, the Company, the Parent and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04. *Notation on Notes*. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article 10 may, at the Company's expense, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Company, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, upon receipt of a Company Order, authenticated by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 17.10) and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 10.05. *Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee*. In addition to the documents required by Section 17.05, the Trustee shall receive an Officer's Certificate and an Opinion of Counsel as conclusive evidence, and stating to the effect, that any supplemental indenture executed pursuant hereto complies with the requirements of this Article 10 and is permitted or authorized by this Indenture; *provided* that such Opinion of Counsel shall include a customary legal opinion stating that such supplemental indenture is the valid and binding obligation of the Company, subject to customary exceptions and qualifications. The Trustee shall have no responsibility for determining whether any amendment or supplemental indenture will or may have an adverse effect on any Holder.

ARTICLE 11
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01. *Company or Parent May Consolidate, Etc. on Certain Terms*. Subject to the provisions of Section 11.02 neither the Company nor the Parent shall consolidate with, merge with or into, or sell, convey, transfer or lease all or substantially all of the consolidated properties and assets of the Company or the Parent, as the case may be, taken as a whole, to another Person unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**"), if not the Company or the Parent, as applicable, shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the Successor Company (if not the Company or the Parent, as applicable) shall expressly assume, by supplemental indenture all of the obligations of the Company or the Parent under the Notes and this Indenture, and in the case of the Parent, the obligations under the Support Agreement with respect to the Notes; and

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing under this Indenture.

For purposes of this Section 11.01, the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of one or more Subsidiaries of the Company or the Parent, as the case may be, to another Person, which properties and assets, if held by the Company or the Parent, as the case may be, instead of such Subsidiaries, would constitute all or substantially all of the consolidated properties and assets of the Company and its Subsidiaries or the Parent and its Subsidiaries, as the case may be, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the consolidated properties and assets of the Company and its Subsidiaries or the Parent and its Subsidiaries, as the case may be, taken as a whole, to another Person.

Section 11.02. *Successor Corporation to Be Substituted*. In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and

accrued and unpaid interest on all of the Notes, the due and punctual delivery or payment, as the case may be, of any consideration due upon exchange of the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture and/or the Notes to be performed by the Company or the Parent, as applicable, and in the case of the Parent, the obligations under the Support Agreement with respect to the Notes, such Successor Company (if not the Company or the Parent, as the case may be) shall succeed to and, except in the case of a lease of all or substantially all of the consolidated properties and assets of the Company or the Parent, as applicable, taken as a whole, shall be substituted for the Company or the Parent, as applicable, under this Indenture and the Support Agreement with the same effect as if it had been named herein, and may thereafter exercise every right and power of the Company or the Parent, as applicable, under this Indenture and the Support Agreement, respectively. Such Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the written order of such Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Notes that such Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or transfer (but not in the case of a lease), upon compliance with this Article 11, the Person named as the "Company" or the "Parent", as applicable, in the first paragraph of this Indenture (or any successor that shall thereafter have become such in the manner prescribed in this Article 11) may be dissolved, wound up and liquidated at any time thereafter and, except in the case of a lease, such Person shall be released from its liabilities as obligor or Parent and (in the case of the Company) maker of the Notes and from its obligations under this Indenture and the Notes.

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

Section 11.03. *Assumption by Parent*. The Parent may directly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of, premium, if any, and interest on all the Notes and the performance of every covenant of this Indenture on the part of the Company to be performed or observed. Upon any such assumption, the Parent shall succeed to and be substituted for and may exercise every right and power of the Company under this Indenture with the same effect as if the Parent had been named as the Company herein and the Company shall be released from its liability as obligor on the Notes. No such assumption shall be permitted unless the Parent has delivered to the Trustee an Officer's Certificate of the Parent and an Opinion of Counsel for the Parent, each stating that such assumption and supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

ARTICLE 12
IMMUNITY OF INCORPORATORS, SHAREHOLDERS, OFFICERS AND DIRECTORS

Section 12.01. *Indenture and Notes Solely Corporate Obligations*. No recourse for the payment of the principal of or accrued and unpaid interest on any Note, nor for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or the Parent in this Indenture or in any supplemental indenture or in any Note or the Support Agreement, nor because of the creation of any indebtedness represented thereby, shall be had against any incorporator, shareholder, employee, agent, Officer or director or Subsidiary (other than, for the avoidance of doubt, the Company or the Parent), as such, past, present or future, of the Company or the Parent or of any of the Company's or the Parent's respective successor corporations, either directly or through the Company, the Parent or any such successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE 13
[*INTENTIONALLY OMITTED*]

ARTICLE 14
EXCHANGE OF NOTES

Section 14.01. *Exchange Privilege.*

(a) Subject to and upon compliance with the provisions of this Article 14, each Holder of a Note shall have the right, at such Holder's option, to exchange all or any portion (if the portion to be exchanged is $1,000 principal amount or an integral multiple thereof) of such Note (i) subject to satisfaction of the conditions described in Section 14.01(b), at any time prior to the close of business on the Business Day immediately preceding March 15, 2026 under the circumstances and during the periods set forth in Section 14.01(b), and (ii) regardless of the conditions described in Section 14.01(b), on or after March 15, 2026 and prior to the close of business on the Business Day immediately preceding the Maturity Date, in each case, at an initial exchange rate of 5.8213 shares of Common Stock (subject to adjustment as provided in this Article 14, the "**Exchange Rate**") per $1,000 principal amount of Notes (subject to, and in accordance with, the settlement provisions of Section 14.02, the "**Exchange Obligation**").

(b)

(i) Prior to the close of business on the Business Day immediately preceding March 15, 2026, a Holder may surrender all or any portion of its Notes for exchange at any time during the five Business Day period immediately after any ten consecutive Trading Day period (the "**Measurement Period**") in which the Trading Price per $1,000 principal amount of Notes, as determined following a request by a Holder of Notes in accordance with this subsection (b)(i), for each Trading Day of the Measurement Period was less than 98% of the product of the Last Reported Sale Price of the Common Stock on each such Trading Day and the Exchange Rate on each such Trading Day. The

Trading Prices shall be determined by the Bid Solicitation Agent pursuant to this subsection (b)(i) and the definition of Trading Price set forth in this Indenture. The Company shall provide written notice to the Bid Solicitation Agent (if other than the Company) of the three independent nationally recognized securities dealers selected by the Company pursuant to the definition of Trading Price, along with appropriate contact information for each. The Bid Solicitation Agent (if other than the Company) shall have no obligation to determine the Trading Price per $1,000 principal amount of Notes unless the Company has requested such determination, and the Company shall have no obligation to make such request (or, if the Company is acting as Bid Solicitation Agent, the Company shall have no obligation to determine the Trading Price per $1,000 principal amount of Notes) unless a Holder or Holders of at least $5,000,000 principal amount of Notes in the aggregate provide(s) the Company with reasonable evidence that the Trading Price per $1,000 principal amount of Notes on any Trading Day would be less than 98% of the product of the Last Reported Sale Price of the Common Stock on such Trading Day and the Exchange Rate on such Trading Day, at which time the Company shall instruct the Bid Solicitation Agent (if other than the Company) to determine, or if the Company is acting as Bid Solicitation Agent, the Company shall determine, the Trading Price per $1,000 principal amount of Notes beginning on the next Trading Day and on each successive Trading Day until the Trading Price per $1,000 principal amount of Notes is greater than or equal to 98% of the product of the Last Reported Sale Price of the Common Stock and the Exchange Rate. If (x) the Company is not acting as Bid Solicitation Agent, and the Company does not, when the Company is required to, instruct the Bid Solicitation Agent to determine the Trading Price per $1,000 principal amount of Notes when obligated as provided in the preceding sentence, or if the Company gives such instruction to the Bid Solicitation Agent and the Bid Solicitation Agent fails to make such determination, or (y) the Company is acting as Bid Solicitation Agent and the Company fails to make such determination when obligated as provided in the preceding sentence, then, in either case, the Trading Price per $1,000 principal amount of Notes on any date shall be deemed to be less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Exchange Rate on each Trading Day of such failure. If the Trading Price condition set forth above has been met, the Company shall so notify the Holders, the Trustee and the Exchange Agent (if other than the Trustee) in writing. Any such determination shall be conclusive absent manifest error. If, at any time after the Trading Price condition set forth above has been met, the Trading Price per $1,000 principal amount of Notes is greater than or equal to 98% of the product of the Last Reported Sale Price of the Common Stock and the Exchange Rate for such date, the Company shall so notify the Holders, the Trustee and the Exchange Agent (if other than the Trustee) in writing and thereafter neither the Company nor the Bid Solicitation Agent (if other than the Company) shall be required to solicit bids (or determine the Trading Price of the Notes as set forth in this Indenture) again unless a new Holder request is made as provided in this subsection (b)(i).

(ii) If, prior to the close of business on the Business Day immediately preceding March 15, 2026, the Parent elects to:

(A) distribute to all or substantially all holders of the Common Stock any rights, options or warrants (other than in connection with a shareholder rights plan prior to the separation of such rights from the Common Stock) entitling them, for a period of not more than 60 calendar days after the announcement date of such distribution, to subscribe for or purchase shares of the Common Stock at a price per share that is less than the average of the Last Reported Sale Prices of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution; or

(B) distribute to all or substantially all holders of the Common Stock assets, securities or rights to purchase securities of the Parent (other than in connection with a shareholder rights plan prior to separation of such rights from the Common Stock), which distribution has a per share value, as reasonably determined by the Parent in good faith, exceeding 10% of the Last Reported Sale Price of the Common Stock on the Trading Day preceding the date of announcement for such distribution,

then, in either case, the Company shall notify all Holders of the Notes, the Trustee and the Exchange Agent (if other than the Trustee) in writing at least 46 Scheduled Trading Days prior to the Ex-Dividend Date for such distribution (or, if later in the case of any such separation of rights issued pursuant to a shareholder rights plan, as soon as reasonably practicable after the Company becomes aware that such separation or triggering event has occurred or will occur). Once the Company has given such notice, a Holder may surrender all or any portion of its Notes for exchange at any time until the earlier of (1) the close of business on the Business Day immediately preceding the Ex-Dividend Date for such distribution and (2) the Parent's announcement that such distribution will not take place, in each case, even if the Notes are not otherwise exchangeable at such time; *provided* that Holders may not exchange their Notes pursuant to this subsection (b)(ii) if they participate, at the same time and upon the same terms as holders of the Common Stock and solely as a result of holding the Notes, in any of the transactions described in clause (A) or (B) of this subsection (b)(ii) without having to exchange their Notes as if they held a number of shares of Common Stock equal to the Exchange Rate, *multiplied by* the principal amount (expressed in thousands) of Notes held by such Holder.

(iii) If (A) a transaction or event that constitutes a Fundamental Change or a Make-Whole Fundamental Change occurs prior to the close of business on the Business Day immediately preceding March 15, 2026, regardless of whether a Holder has the right to require the Company to repurchase the Notes pursuant to Section 15.02, or (B) if the Parent is a party to a Share Exchange Event (other than a Share Exchange Event that is solely for the purpose of changing the Parent's jurisdiction of organization that (x) does not constitute a Fundamental Change or a Make-Whole Fundamental Change and (y) results in a reclassification, conversion or exchange of outstanding shares of Common Stock solely into shares of common stock of the surviving entity and such common stock becomes Reference Property for the Notes) that occurs prior to the close of business on the Business Day immediately preceding March 15, 2026, (each such Fundamental Change, Make-Whole Fundamental Change or Share Exchange Event, a "**Corporate Event**"), all or any portion of a Holder's Notes may be surrendered for exchange at any time from or after the effective date of such Corporate Event until the earlier of (x) 35 Trading Days after the effective date of the Corporate Event (or, if the Company

gives notice after the effective date of such Corporate Event, until 35 Trading Days after the date the Company gives notice of such Corporate Event) or, if such Corporate Event also constitutes a Fundamental Change (other than an Exempted Fundamental Change), until the close of business on the Business Day immediately preceding the related Fundamental Change Repurchase Date and (y) the close of business on the Business Day immediately preceding the Maturity Date. The Company shall notify Holders, the Trustee and the Exchange Agent (if other than the Trustee) in writing as promptly as practicable following the effective date of such Corporate Event, but in no event later than one Business Day after the effective date of such Corporate Event.

(iv) Prior to the close of business on the Business Day immediately preceding March 15, 2026, a Holder may surrender all or any portion of its Notes for exchange at any time during any calendar quarter commencing after the calendar quarter ending on September 30, 2023 (and only during such calendar quarter), if the Last Reported Sale Price of the Common Stock for at least 20 Trading Days (whether or not consecutive) during the period of 30 consecutive Trading Days ending on, and including, the last Trading Day of the immediately preceding calendar quarter is greater than or equal to 130% of the Exchange Price on each applicable Trading Day.

Section 14.02. *Exchange Procedure; Settlement Upon Exchange.*

(a) Subject to this Section 14.02, Section 14.03(b) and Section 14.07(a), upon exchange of any Note, the Company shall satisfy its Exchange Obligation by paying, or paying and delivering (or causing to be delivered), as the case may be, to the exchanging Holder, in respect of each $1,000 principal amount of Notes being exchanged, either solely cash ("**Cash Settlement**") or a combination of cash and shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in accordance with subsection (j) of this Section 14.02 ("**Combination Settlement**"), at its election, as set forth in this Section 14.02.

(i) All exchanges of Notes for which the relevant Exchange Date occurs on or after March 15, 2026, shall be settled using the same Settlement Method (including the same Specified Dollar Amount).

(ii) In respect of any exchanges of Notes for which the relevant Exchange Date occurs on or after March 15, 2026, the Company shall use the same Settlement Method (including the same Specified Dollar Amount) for all exchanges with the same Exchange Date, but the Company shall not have any obligation to use the same Settlement Method (or the same Specified Dollar Amount) with respect to exchanges with different Exchange Dates.

(iii) If, in respect of any Exchange Date (or any exchanges of Notes for which the relevant Exchange Date occurs on or after March 15, 2026), the Company elects to deliver a notice (the "**Settlement Notice**") of the relevant Settlement Method in respect of such Exchange Date (or such period, as the case may be), the Company shall deliver such Settlement Notice to exchanging Holders, the Trustee and the Exchange Agent (if other than the Trustee) no later than the close of business on the Trading Day

immediately following the relevant Exchange Date (or, in the case of any exchanges of Notes for which the relevant Exchange Date occurs on or after March 15, 2026, no later than March 15, 2026). If the Company does not elect a Settlement Method prior to the deadline set forth in the immediately preceding sentence, the Company shall no longer have the right to elect a Settlement Method with respect to any exchange on such Exchange Date or during such period, and the Company shall be deemed to have elected the Default Settlement Method with respect to such exchange. Such Settlement Notice shall specify the relevant Settlement Method and in the case of an election of Combination Settlement, the relevant Settlement Notice shall indicate the Specified Dollar Amount per $1,000 principal amount of Notes. If the Company delivers a Settlement Notice electing Combination Settlement (or is deemed to have elected Combination Settlement) in respect of its Exchange Obligation, the related Specified Dollar Amount shall be at least equal to $1,000 per $1,000 principal amount of Notes. If the Company delivers a Settlement Notice electing Combination Settlement (or is deemed to have elected Combination Settlement) in respect of its Exchange Obligation, but does not indicate a Specified Dollar Amount per $1,000 principal amount of Notes to be exchanged in such Settlement Notice, the Specified Dollar Amount per $1,000 principal amount of Notes shall be deemed to be $1,000. For the avoidance of doubt, the Company's failure to timely elect a Settlement Method or specify as applicable a Specified Dollar Amount shall not constitute or give rise to a Default or an Event of Default under this Indenture.

By written notice to Holders, the Trustee and the Exchange Agent (if other than the Trustee), the Company may, from time to time, change the Default Settlement Method prior to March 15, 2026. In addition, by written notice to all Holders, the Company may, prior to March 15, 2026, at its option, irrevocably elect to satisfy its Exchange Obligation with respect to the Notes through any Settlement Method that the Company is then permitted to elect, including Combination Settlement with a Specified Dollar Amount per $1,000 principal amount of Notes of $1,000 or with an ability to continue to set the Specified Dollar Amount per $1,000 principal amount of Notes at or above a specific amount set forth in such election notice. If the Company changes the Default Settlement Method or the Company irrevocably elects to fix the Settlement Method, in either case, to Combination Settlement with an ability to continue to set the Specified Dollar Amount per $1,000 principal amount of Notes at or above a specific amount, the Company shall, promptly after the date of such change or election, as the case may be, notify Holders exchanging their Notes, the Trustee and the Exchange Agent (if other than the Trustee) of such Specified Dollar Amount no later than the relevant deadline for election of a specified Settlement Method as set forth in the immediately preceding paragraph, or, if the Company does not timely notify Holders, such Specified Dollar Amount will be the specific amount set forth in the election notice or, if no specific amount was set forth in the election notice, such Specified Dollar Amount will be $1,000 per $1,000 principal amount of Notes. In no event may the Company elect Combination Settlement with a Specified Dollar Amount that is less than $1,000 per $1,000 principal amount of Notes. A change in the Default Settlement Method or an irrevocable election shall apply for all exchanges of Notes with Exchange Dates occurring subsequent to delivery of such notice; *provided* that no such change or election will affect any Settlement Method theretofore elected (or deemed to be elected) with

respect to any Note. For the avoidance of doubt, such an irrevocable election, if made by the Company, will be effective without the need to amend this Indenture or the Notes, including pursuant to Section 10.01(m). However, the Company may nonetheless choose to execute such an amendment at its option. If the Company changes the Default Settlement Method or if the Company irrevocably fixes the Settlement Method pursuant to this paragraph, then, concurrently with providing written notice to Holders of such change or election, the Parent shall either post the Default Settlement Method or fixed Settlement Method, as the case may be, on its website or disclose the same in a current report on Form 8-K (or any successor form) that is filed with the Commission.

(iv) The cash or, if applicable, combination of cash and shares of Common Stock in respect of any exchange of Notes (the "**Settlement Amount**") shall be computed as follows:

(A) if the Company elects to satisfy its Exchange Obligation in respect of such exchange by Cash Settlement, the Company shall pay to the exchanging Holder in respect of each $1,000 principal amount of Notes being exchanged cash in an amount equal to the sum of the Daily Exchange Values for each of the 40 consecutive Trading Days during the related Observation Period; and

(B) if the Company elects (or is deemed to have elected) to satisfy its Exchange Obligation in respect of such exchange by Combination Settlement, the Company shall pay or deliver (or cause to be delivered), as the case may be, to the exchanging Holder in respect of each $1,000 principal amount of Notes being exchanged, a Settlement Amount equal to the sum of the Daily Settlement Amounts for each of the 40 consecutive Trading Days during the related Observation Period.

(v) The Daily Settlement Amounts (if applicable) and the Daily Exchange Values (if applicable) shall be determined by the Company promptly following the last day of the Observation Period. Promptly after such determination of the Daily Settlement Amounts or the Daily Exchange Values, as the case may be, and the amount of cash payable in lieu of delivering any fractional share of Common Stock, the Company shall notify the Trustee and the Exchange Agent (if other than the Trustee) in writing of the Daily Settlement Amounts or the Daily Exchange Values, as the case may be, and the amount of cash payable in lieu of delivering any fractional shares of Common Stock. The Trustee and the Exchange Agent shall have no responsibility for any such determination.

(b) Subject to Section 14.02(e), before any Holder of a Note shall be entitled to exchange a Note as set forth above, such Holder shall (i) in the case of a Global Note, comply with the applicable procedures of the Depositary in effect at that time and, if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h) and (ii) in the case of a Physical Note (1) complete, manually sign and deliver an irrevocable notice to the Exchange Agent as set forth in the Form of Notice of Exchange (or a facsimile, PDF or other electronic transmission thereof) (a notice pursuant to the applicable procedure of the Depositary or a notice as set forth in the Form of Notice of

Exchange, a "**Notice of Exchange**") at the office of the Exchange Agent and state in writing therein the principal amount of Notes to be exchange and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any shares of Common Stock to be delivered upon settlement of the Exchange Obligation to be registered, (2) surrender such Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Exchange Agent, (3) if required, furnish appropriate endorsements and transfer documents and (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h). The Trustee (and if different, the Exchange Agent) shall notify the Company of any exchange pursuant to this Article 14 on the Exchange Date for such exchange. No Notes may be surrendered for exchange by a Holder thereof if such Holder has also delivered a Fundamental Change Repurchase Notice to the Company in respect of such Notes and has not validly withdrawn such Fundamental Change Repurchase Notice in accordance with Section 15.03.

If more than one Note shall be surrendered for exchange at one time by the same Holder, the Exchange Obligation with respect to such Notes shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered.

(c) A Note shall be deemed to have been exchanged immediately prior to the close of business on the date (the "**Exchange Date**") that the Holder has complied with the requirements set forth in subsection (b) above. Except as set forth in Section 14.03(b) and Section 14.07(a), the Company shall pay or deliver (or cause to be delivered), as the case may be, the consideration due upon exchange to exchanging Holders on the second Business Day immediately following the last Trading Day of the Observation Period. If any shares of Common Stock are due to an exchanging Holder, the Company shall deliver (or cause to be delivered) to the exchanging Holder, or such Holder's nominee or nominees, the full number of shares of Common Stock to which such Holder shall be entitled, in book-entry format through the Depositary, in satisfaction of the Exchange Obligation.

(d) In case any Note shall be surrendered for partial exchange, the Company shall execute and upon receipt of a Company Order, the Trustee shall authenticate and deliver to or upon the written order of the Holder of the Note so surrendered a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unexchanged portion of the surrendered Note, without payment of any service charge by the exchanging Holder but, if required by the Company and/or Trustee, with payment of a sum sufficient to cover any documentary, stamp or similar issue or transfer tax or similar governmental charge required by law or that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange being different from the name of the Holder of the old Notes surrendered for such exchange.

(e) If a Holder submits a Note for exchange, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of Common Stock upon exchange, unless the tax is due because the Holder requests such shares to be issued in a name other than the Holder's name, in which case the Holder shall pay that tax. The Exchange Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Trustee receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence.

(f) Except as provided in Section 14.04, no adjustment shall be made for dividends on any shares of Common Stock delivered pursuant to exchange of any Note as provided in this Article 14.

(g) Upon the exchange of an interest in a Global Note, the Trustee, or the Custodian at the direction of the Trustee, shall make a notation on such Global Note as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any exchange of Notes effected through any Exchange Agent other than the Trustee.

(h) Upon exchange, a Holder shall not receive any separate cash payment for accrued and unpaid interest, if any, except as set forth below. The Company's settlement of the full Exchange Obligation shall be deemed to satisfy in full its obligation to pay the principal amount of the Note and accrued and unpaid interest, if any, to, but not including, the relevant Exchange Date. As a result, accrued and unpaid interest, if any, to, but not including, the relevant Exchange Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. Upon an exchange of Notes, accrued and unpaid interest will be deemed to be paid first out of the cash paid upon such exchange. Notwithstanding the foregoing, if Notes are exchanged after the close of business on a Regular Record Date, Holders of such Notes as of the close of business on such Regular Record Date will receive the full amount of interest payable on such Notes on the corresponding Interest Payment Date notwithstanding the exchange. Notes surrendered for exchange during the period from the close of business on any Regular Record Date to the open of business on the immediately following Interest Payment Date must be accompanied by funds equal to the amount of interest payable on the Notes so exchanged; *provided* that no such payment shall be required (1) for exchanges following the Regular Record Date immediately preceding the Maturity Date; (2) if the Company has specified a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the Business Day immediately following the corresponding Interest Payment Date; or (3) to the extent of any Defaulted Amounts, if any Defaulted Amounts exist at the time of exchange with respect to such Note. Therefore, for the avoidance of doubt, all Holders of record on the Regular Record Date immediately preceding the Maturity Date shall receive the full interest payment due on the Maturity Date in cash regardless of whether their Notes have been exchanged following such Regular Record Date.

(i) If the Company elects (or is deemed to have elected) to satisfy the related Exchange Obligation by Combination Settlement, the Person in whose name the shares of Common Stock shall be deliverable upon exchange shall be treated as a shareholder of record as of the last Trading Day of the relevant Observation Period. Upon an exchange of Notes, such Person shall no longer be a Holder of such Notes surrendered for exchange.

(j) The Company shall not deliver (or cause to be delivered) any fractional share of Common Stock upon exchange of the Notes and shall instead pay cash in lieu of delivering (or causing to be delivered) any fractional share of Common Stock deliverable upon exchange based on the Daily VWAP for the last Trading Day of the relevant Observation Period. For each Note

surrendered for exchange, if the Company has elected (or is deemed to have elected) Combination Settlement, the full number of shares that shall be delivered upon exchange thereof shall be computed on the basis of the aggregate Daily Settlement Amounts for the relevant Observation Period and any fractional shares remaining after such computation shall be paid in cash.

Section 14.03. *Increased Exchange Rate Applicable to Certain Notes Surrendered in Connection with Make-Whole Fundamental Changes.*

(a) If the Effective Date of a Make-Whole Fundamental Change occurs prior to the Maturity Date and a Holder elects to exchange its Notes in connection with such Make-Whole Fundamental Change, the Company shall, under the circumstances described below, increase the Exchange Rate for the Notes so surrendered for exchange by a number of additional shares of Common Stock (the "**Additional Shares**"), as described below. An exchange of Notes shall be deemed for these purposes to be "in connection with" a Make-Whole Fundamental Change if the relevant Exchange Date occurs during the period from, and including, the Effective Date of the Make-Whole Fundamental Change up to, and including, the Business Day immediately prior to the related Fundamental Change Repurchase Date (or, in the case of an Exempted Fundamental Change or a Make-Whole Fundamental Change that would have been a Fundamental Change but for the *proviso* in clause (b) of the definition thereof, the 35th Trading Day immediately following the Effective Date of such Make-Whole Fundamental Change) (such period, the "**Make-Whole Fundamental Change Period**").

(b) Upon surrender of Notes for exchange in connection with a Make-Whole Fundamental Change, the Company shall, at its option, satisfy the related Exchange Obligation by Cash Settlement or Combination Settlement in accordance with Section 14.02; *provided*, *however*, that if, at the effective time of a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the Reference Property following such Make-Whole Fundamental Change is composed entirely of cash, for any exchange of Notes following the Effective Date of such Make-Whole Fundamental Change, the Exchange Obligation shall be calculated based solely on the Stock Price for the transaction and shall be deemed to be an amount of cash per $1,000 principal amount of exchanged Notes equal to the Exchange Rate (including any increase to reflect the Additional Shares), *multiplied by* such Stock Price. In such event, the Exchange Obligation shall be determined and paid to Holders in cash on the second Business Day following the Exchange Date. The Company shall notify the Holders and the Trustee in writing of the Effective Date of any Make-Whole Fundamental Change as promptly as practicable following the Effective Date of such Make-Whole Fundamental Change, but in no event later than five Business Days after such Effective Date.

(c) The number of Additional Shares, if any, by which the Exchange Rate shall be increased for exchanges in connection with a Make-Whole Fundamental Change shall be determined by reference to the table below, based on the date on which the Make-Whole Fundamental Change occurs or becomes effective (in each case, the "**Effective Date**"), and the price (the "**Stock Price**") paid (or deemed to be paid) per share of the Common Stock in the Make-Whole Fundamental Change. If the holders of the Common Stock receive in exchange for their Common Stock only cash in a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the Stock Price shall be the cash amount paid per share.

Otherwise, the Stock Price shall be the average of the Last Reported Sale Prices of the Common Stock over the five consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the applicable Effective Date. The Company shall make appropriate adjustments to the Stock Price, in its good faith determination, to account for any adjustment to the Exchange Rate that becomes effective, or any event requiring an adjustment to the Exchange Rate where the Ex-Dividend Date, Effective Date (as such term is used in Section 14.04) or expiration date of the event occurs during such five consecutive Trading Day period.

(d) The Stock Prices set forth in the column headings of the table below shall be adjusted as of any date on which the Exchange Rate of the Notes is otherwise adjusted. The adjusted Stock Prices shall equal the Stock Prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the Exchange Rate immediately prior to such adjustment giving rise to the Stock Price adjustment and the denominator of which is the Exchange Rate as so adjusted. The number of Additional Shares set forth in the table below shall be adjusted in the same manner and at the same time as the Exchange Rate as set forth in Section 14.04.

(e) The following table sets forth the number of Additional Shares by which the Exchange Rate shall be increased per $1,000 principal amount of Notes pursuant to this Section 14.03 for each Stock Price and Effective Date set forth below:

	Stock Price									
Effective Date	**$140.23**	**$150.00**	**$160.00**	**$171.78**	**$200.00**	**$250.00**	**$350.00**	**$450.00**	**$550.00**	**$650.00**
June 29, 2023	1.3098	1.0156	0.7826	0.5768	0.2838	0.0880	0.0064	0.0049	0.0023	0.0000
June 15, 2024	1.3098	1.0038	0.7439	0.5202	0.2244	0.0617	0.0013	0.0000	0.0000	0.0000
June 15, 2025	1.3098	0.9192	0.6244	0.3837	0.1182	0.0277	0.0000	0.0000	0.0000	0.0000
June 15, 2026	1.3098	0.8245	0.4005	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact Stock Price and Effective Date may not be set forth in the table above, in which case:

(i) if the Stock Price is between two Stock Prices in the table above or the Effective Date is between two Effective Dates in the table, the number of Additional Shares by which the Exchange Rate shall be increased shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Stock Prices and the earlier and later Effective Dates, as applicable, based on a 365-day year or 366-day year, as applicable;

(ii) if the Stock Price is greater than $650.00 per share (subject to adjustment in the same manner as the Stock Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional Shares shall be added to the Exchange Rate; and

(iii) if the Stock Price is less than $140.23 per share (subject to adjustment in the same manner as the Stock Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional Shares shall be added to the Exchange Rate.

Notwithstanding the foregoing, in no event shall the Exchange Rate per $1,000 principal amount of Notes exceed 7.1311 shares of Common Stock, subject to adjustment in the same manner as the Exchange Rate pursuant to Section 14.04.

(f) Nothing in this Section 14.03 shall prevent an adjustment to the Exchange Rate that would otherwise be required pursuant to Section 14.04 in respect of a Make-Whole Fundamental Change.

Section 14.04. *Adjustment of Exchange Rate*. The Exchange Rate shall be adjusted from time to time by the Company if any of the following events occurs, except that the Company shall not make any adjustments to the Exchange Rate if Holders of the Notes participate (other than in the case of (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of the Common Stock and solely as a result of holding the Notes, in any of the transactions described in this Section 14.04, without having to exchange their Notes, as if they held a number of shares of Common Stock equal to the Exchange Rate, *multiplied by* the principal amount (expressed in thousands) of Notes held by such Holder.

(a) If the Parent exclusively issues shares of Common Stock as a dividend or distribution on shares of the Common Stock, or if the Parent effects a share split or share combination, the Exchange Rate shall be adjusted based on the following formula:

$$ER_1 = ER_0 \times \frac{OS_1}{OS_0}$$

where,

ER_0 = the Exchange Rate in effect immediately prior to the open of business on the Ex-Dividend Date of such dividend or distribution, or immediately prior to the open of business on the Effective Date of such share split or share combination, as applicable;

ER_1 = the Exchange Rate in effect immediately after the open of business on such Ex-Dividend Date or Effective Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date (before giving effect to any such dividend, distribution, split or combination); and

OS_1 = the number of shares of Common Stock outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 14.04(a) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this Section 14.04(a) is declared but not so paid or made, the Exchange Rate shall be immediately readjusted, effective as of the date the Parent's Board of Directors determines not to pay such dividend or distribution, to the Exchange Rate that would then be in effect if such dividend or distribution had not been declared.

(b) If the Parent distributes to all or substantially all holders of the Common Stock any rights, options or warrants (other than pursuant to a shareholder rights plan) entitling them, for a period of not more than 60 calendar days after the announcement date of such distribution, to subscribe for or purchase shares of the Common Stock at a price per share that is less than the average of the Last Reported Sale Prices of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution, the Exchange Rate shall be increased based on the following formula:

$$ER_1 = ER_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

ER_0 - the Exchange Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution;

ER_1 = the Exchange Rate in effect immediately after the open of business on such Ex-Dividend Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such Ex-Dividend Date;

X = the total number of shares of Common Stock distributable pursuant to such rights, options or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of the distribution of such rights, options or warrants.

Any increase made under this Section 14.04(b) shall be made successively whenever any such rights, options or warrants are distributed and shall become effective immediately after the open of business on the Ex-Dividend Date for such distribution. To the extent that shares of the Common Stock are not delivered after the expiration of such rights, options or warrants, the Exchange Rate shall be decreased to be the Exchange Rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights, options or warrants are not so distributed, the Exchange Rate shall be decreased to the Exchange Rate that would then be in effect if such Ex-Dividend Date for such distribution had not occurred.

For purposes of this Section 14.04(b) and for the purpose of Section 14.01(b)(ii)(A), in determining whether any rights, options or warrants entitle the holders of Common Stock to subscribe for or purchase shares of the Common Stock at a price per share that is less than such average of the Last Reported Sale Prices of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such distribution, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Parent for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Parent in good faith.

(c) If the Parent distributes shares of its Capital Stock, evidences of its indebtedness, other assets or property of the Parent or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of the Common Stock, excluding (i) dividends, distributions or issuances (including share splits) as to which an adjustment was effected pursuant to Section 14.04(a) or Section 14.04(b), (ii) except as otherwise provided in Section 14.11, rights issued pursuant to any shareholder rights plan of the Parent then in effect, (iii) distributions of Reference Property in exchange for, or upon conversion of, Common Stock in a Share Exchange Event, (iv) dividends or distributions paid exclusively in cash as to which the provisions set forth in Section 14.04(d) shall apply, and (v) Spin-Offs as to which the provisions set forth below in this Section 14.04(c) shall apply (any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights, options or warrants to acquire Capital Stock or other securities, the "**Distributed Property**"), then the Exchange Rate shall be increased based on the following formula:

$$ER_1 = ER_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

ER_0 = the Exchange Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution;

ER_1 = the Exchange Rate in effect immediately after the open of business on such Ex-Dividend Date;

SP_0 = the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined by the Parent in good faith) of the Distributed Property with respect to each outstanding share of the Common Stock on the Ex-Dividend Date for such distribution.

Any increase made under the portion of this Section 14.04(c) above shall become effective immediately after the open of business on the Ex-Dividend Date for such distribution. If such distribution is not so paid or made, the Exchange Rate shall be decreased to the Exchange Rate that would then be in effect if such distribution had not been declared. Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP_0" (as defined above), in

lieu of the foregoing increase, each Holder of a Note shall receive, in respect of each $1,000 principal amount thereof, at the same time and upon the same terms as holders of the Common Stock receive the Distributed Property, the amount and kind of Distributed Property such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Exchange Rate in effect on the Ex-Dividend Date for the distribution.

With respect to an adjustment pursuant to this Section 14.04(c) where there has been a payment of a dividend or other distribution on the Common Stock of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Parent, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange (a "**Spin-Off**"), the Exchange Rate shall be increased based on the following formula:

$$ER_1 = ER_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

ER_0 = the Exchange Rate in effect immediately prior to the end of the Valuation Period;

ER_1 = the Exchange Rate in effect immediately after the end of the Valuation Period;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Common Stock applicable to one share of the Common Stock (determined by reference to the definition of Last Reported Sale Price as set forth in Section 1.01 as if references therein to the Common Stock were to such Capital Stock or similar equity interest) over the first 10 consecutive Trading Day period after, and including, the Ex-Dividend Date of the Spin-Off (the "**Valuation Period**"); and

MP_0 = the average of the Last Reported Sale Prices of the Common Stock over the Valuation Period.

The increase to the Exchange Rate under the preceding paragraph shall occur at the close of business on the last Trading Day of the Valuation Period; *provided* that, for any Trading Day that falls within the relevant Observation Period for such exchange and within the Valuation Period, the reference to "10" in the preceding paragraph shall be deemed to be replaced with such lesser number of Trading Days as have elapsed from, and including, the Ex-Dividend Date of such Spin-Off to, and including, such Trading Day in determining the Exchange Rate as of such Trading Day. If any dividend or distribution that constitutes a Spin-Off is declared but not so paid or made, the Exchange Rate shall be immediately decreased, effective as of the date the Parent's Board of Directors determines not to pay or make such dividend or distribution, to the Exchange Rate that would then be in effect if such dividend or distribution had not been declared or announced.

For purposes of this Section 14.04(c) (and subject in all respects to Section 14.11), rights, options or warrants distributed by the Parent to all holders of the Common Stock entitling them to subscribe for or purchase shares of the Parent's Capital Stock, including Common Stock (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of the Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Common Stock, shall be deemed not to have been distributed for purposes of this Section 14.04(c) (and no adjustment to the Exchange Rate under this Section 14.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Exchange Rate shall be made under this Section 14.04(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Exchange Rate under this Section 14.04(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Exchange Rate shall be readjusted as if such rights, options or warrants had not been issued and (y) the Exchange Rate shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or purchase price received by a holder or holders of Common Stock with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Stock as of the date of such redemption or purchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Exchange Rate shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section 14.04(a), Section 14.04(b) and this Section 14.04(c), if any dividend or distribution to which this Section 14.04(c) is applicable also includes one or both of:

(A) a dividend or distribution of shares of Common Stock to which Section 14.04(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights, options or warrants to which Section 14.04(b) is applicable (the "**Clause B Distribution**"),

then, in either case, (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 14.04(c) is applicable (the "**Clause C Distribution**") and any Exchange Rate adjustment required by this Section 14.04(c) with respect to such Clause C Distribution shall then be made, and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Exchange Rate adjustment required by Section 14.04(a) and Section 14.04(b) with respect thereto shall then be made, except that, if

determined by the Parent (I) the "Ex-Dividend Date" of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex-Dividend Date of the Clause C Distribution and (II) any shares of Common Stock included in the Clause A Distribution or Clause B Distribution shall be deemed not to be "outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date" within the meaning of Section 14.04(a) or "outstanding immediately prior to the open of business on such Ex-Dividend Date" within the meaning of Section 14.04(b).

(d) If the Parent makes any cash dividend or distribution to all or substantially all holders of the Common Stock, other than a regular, quarterly cash dividend that does not exceed $0.7075 per share (the "**Initial Dividend Threshold**"), the Exchange Rate shall be adjusted based on the following formula:

$$ER_1 = ER_0 \times \frac{SP_0 - T}{SP_0 - C}$$

where,

ER_0 = the Exchange Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution;

ER_1 = the Exchange Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

SP_0 = the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution;

T = the Initial Dividend Threshold; provided that if the dividend or distribution is not a regular quarterly cash dividend, the Initial Dividend Threshold shall be deemed to be zero; and

C = the amount in cash per share distributed to all or substantially all holders of the Common Stock.

The Initial Dividend Threshold shall be subject to adjustment in a manner inversely proportional to adjustments to the Exchange Rate; *provided* that no adjustment shall be made to the Initial Dividend Threshold for any adjustment to the Exchange Rate pursuant to this Section 14.04(d).

Any increase pursuant to this Section 14.04(d) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution. If such dividend or distribution is not so paid, the Exchange Rate shall be decreased, effective as of the date the Parent's Board of Directors determines not to make or pay such dividend or distribution, to be the Exchange Rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each $1,000 principal amount of Notes it holds, at the same time and upon the same terms as holders of shares of the Common Stock and without having to convert its Note(s), the amount of cash that such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Exchange Rate on the Ex-Dividend Date for such cash dividend or distribution.

(e) If the Parent or any of its Subsidiaries makes a payment in respect of a tender or exchange offer for the Common Stock that is subject to the then-applicable tender offer rules under the Exchange Act (other than any odd-lot tender offer), to the extent that the cash and value of any other consideration included in the payment per share of the Common Stock exceeds the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Exchange Rate shall be increased based on the following formula:

$$ER_1 = ER_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where,

ER_0 = the Exchange Rate in effect immediately prior to the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

ER_1 = the Exchange Rate in effect immediately after the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Parent in good faith) paid or payable for shares of Common Stock purchased in such tender or exchange offer;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange in such tender or exchange offer);

OS_1 = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange in such tender or exchange offer); and

SP_1 = the average of the Last Reported Sale Prices of the Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The increase to the Exchange Rate under this Section 14.04(e) shall occur at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that, for any Trading Day that falls within the relevant Observation Period for such exchange and within the 10 Trading Days immediately following, and including, the Trading Day next succeeding the expiration date

of any tender or exchange offer, references to "10" or "10th" in the preceding paragraph shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the Trading Day next succeeding the expiration date of such tender or exchange offer to, and including, such Trading Day in determining the Exchange Rate as of such Trading Day.

If the Parent or any of its Subsidiaries is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer described in this Section 14.04(e) but the Parent or such Subsidiary is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Exchange Rate shall be readjusted to be the Exchange Rate that would then be in effect if such tender or exchange offer had not been made or had been made only in respect of the purchases that have been made.

(f) [*Reserved*.]

(g) Except as stated herein, the Company shall not adjust the Exchange Rate for the issuance of shares of the Common Stock or any securities convertible into or exchangeable for shares of the Common Stock or the right to purchase shares of the Common Stock or such convertible or exchangeable securities.

(h) In addition to those adjustments required by clauses (a), (b), (c), (d) and (e) of this Section 14.04, and subject to applicable exchange listing rules, the Company from time to time may increase the Exchange Rate by any amount for a period of at least 20 Business Days if the Company determines that such increase would be in the Company's best interest. In addition, subject to applicable exchange listing rules, the Company may (but is not required to) increase the Exchange Rate to avoid or diminish any income tax to holders of Common Stock or rights to purchase shares of Common Stock in connection with a dividend or distribution of shares of Common Stock (or rights to acquire shares of Common Stock) or similar event.

(i) Notwithstanding anything to the contrary in this Article 14, the Exchange Rate shall not be adjusted:

(i) upon the issuance of any shares of Common Stock at a price below the Exchange Price or otherwise, other than any such issuance described in clause (a), (b) or (c) of this Section 14.04;

(ii) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Parent's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(iii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit or incentive plan or program (including pursuant to any evergreen plan) of or assumed by the Parent or any of the Parent's Subsidiaries;

(iv) upon the issuance of any shares of the Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (iii) of this subsection and outstanding as of the date the Notes were first issued;

(v) for a third-party tender offer by any party other than a tender offer by the Parent or one or more of the Parent's Subsidiaries as described in clause (e) of this Section 14.04;

(vi) upon the repurchase of any shares of Common Stock pursuant to an open market share purchase program or other buy-back transaction, including structured or derivative transactions such as accelerated share repurchase transactions or similar forward derivatives, or other buy-back transaction, that is not a tender offer or exchange offer of the kind described under clause (e) of this Section 14.04;

(vii) solely for a change in the par value (or lack of par value) of the Common Stock; or

(viii) for accrued and unpaid interest, if any.

(j) All calculations and other determinations under this Article 14 shall be made by the Company and shall be made to the nearest one-ten thousandth (1/10,000th) of a share.

(k) If an adjustment to the Exchange Rate otherwise required by this Section 14.04 would result in a change of less than 1% to the Exchange Rate, then, notwithstanding the foregoing, the Company may, at its election, defer and carry forward such adjustment, except that all such deferred adjustments must be given effect immediately upon the earliest to occur of the following: (i) when all such deferred adjustments would result in an aggregate change of at least 1% to the Exchange Rate, (ii) on each Trading Day of any Observation Period related to any exchange of Notes, (iii) March 15, 2026, and (iv) on the effective date of any Fundamental Change and/or Make-Whole Fundamental Change, in each case, unless the adjustment has already been made.

(l) Whenever the Exchange Rate is adjusted as herein provided, the Company shall promptly file with the Trustee (and the Exchange Agent if not the Trustee) an Officer's Certificate setting forth the Exchange Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officer's Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Exchange Rate and may assume without inquiry that the last Exchange Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Exchange Rate setting forth the adjusted Exchange Rate and the date on which each adjustment becomes effective and shall deliver such notice of such adjustment of the Exchange Rate to each Holder. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(m) For purposes of this Section 14.04, the number of shares of Common Stock at any time outstanding shall not include shares of Common Stock held in the treasury of the Parent so long as the Parent does not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Parent, but shall include shares of Common Stock deliverable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 14.05. *Adjustments of Prices*. Whenever any provision of this Indenture requires the Company to calculate the Last Reported Sale Prices, the Daily VWAPs, the Daily Exchange Values or the Daily Settlement Amounts over a span of multiple days (including, without limitation, an Observation Period and the period, if any, for determining the Stock Price for purposes of a Make-Whole Fundamental Change), the Company shall, in good faith, make appropriate adjustments (without duplication in respect of any adjustment made pursuant to Section 14.04) to each to account for any adjustment to the Exchange Rate that becomes effective, or any event requiring an adjustment to the Exchange Rate where the Ex-Dividend Date, Effective Date or expiration date, as the case may be, of the event occurs at any time during the period when the Last Reported Sale Prices, the Daily VWAPs, the Daily Exchange Values or the Daily Settlement Amounts are to be calculated.

Section 14.06. *Shares to Be Fully Paid*. The Parent shall reserve, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, a number of shares of Common Stock equal to the product of (a) the number of outstanding Notes and (b) the Exchange Rate (assuming the Exchange Rate has been increased by the maximum number of Additional Shares pursuant to Section 14.03), to provide for exchange of the Notes from time to time as such Notes are presented for exchange.

Section 14.07. *Effect of Recapitalizations, Reclassifications and Changes of the Common Stock*

(a) In the case of:

(i) any recapitalization, reclassification or change of the Common Stock (other than a change to par value, or from par value to no par value, or changes resulting from a subdivision or combination),

(ii) any consolidation, merger, combination or similar transaction involving the Parent,

(iii) any sale, lease or other transfer to a third party of the consolidated assets of the Parent and the Parent's Subsidiaries substantially as an entirety or

(iv) any statutory share exchange,

in each case, as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event, a "**Share Exchange Event**"), then, at and after the effective time of such Share Exchange Event, the right to exchange each $1,000 principal amount of Notes shall be changed into a right to exchange such principal amount of Notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of shares of Common Stock equal to the Exchange Rate immediately prior to such Share Exchange Event would have owned or been entitled to receive (the "**Reference Property**," with each "**unit of Reference Property**" meaning the kind and amount of Reference Property that a holder of one share of Common Stock is entitled to receive) upon such Share Exchange Event and, prior to or at the effective time of such Share Exchange Event, the Company, the Parent or the successor or acquiring Person, as the case may be, shall execute with the Trustee a supplemental indenture permitted under Section 10.01(g) providing for such change in the right to exchange each $1,000 principal amount of Notes; *provided*, *however*, that

at and after the effective time of the Share Exchange Event (A) the amount otherwise payable in cash upon exchange of the Notes in accordance with Section 14.02 shall continue to be payable in cash; (B) the Company will continue to have the right to elect the form of consideration to be paid or delivered, as the case may be, in respect of the portion, if any, of the Company's Exchange Obligation in excess of the aggregate principal amount of the Notes being exchanged in accordance with Section 14.02; (C) the number of shares of Common Stock, if any, otherwise deliverable upon exchange of the Notes in accordance with Section 14.02 shall instead be deliverable in the amount and type of Reference Property that a holder of that number of shares of Common Stock would have received in such Share Exchange Event; and (D) the Daily VWAP shall be calculated based on the value of a unit of Reference Property that a holder of one share of Common Stock would have received in such Share Exchange Event.

If the Share Exchange Event causes the Common Stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then (i) the Reference Property for which the Notes will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration actually received by the holders of Common Stock, and (ii) the unit of Reference Property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one share of Common Stock. If the holders of the Common Stock receive only cash in such Share Exchange Event, then for all exchanges for which the relevant Exchange Date occurs after the effective date of such Share Exchange Event (x) the consideration due upon exchange of each $1,000 principal amount of Notes shall be solely cash in an amount equal to the Exchange Rate in effect on the Exchange Date (as may be increased by any Additional Shares pursuant to Section 14.03), *multiplied by* the price paid per share of Common Stock in such Share Exchange Event and (y) the Company shall satisfy the Exchange Obligation by paying cash to exchanging Holders on the second Business Day immediately following the relevant Exchange Date. The Company shall notify Holders, the Trustee and the Exchange Agent (if other than the Trustee) in writing of such weighted average as soon as practicable after such determination is made.

If the Reference Property in respect of any such Share Exchange Event includes, in whole or in part, shares of Common Equity or American depositary receipts (or other interests) in respect thereof, such supplemental indenture described in the second immediately preceding paragraph shall provide for anti-dilution and other adjustments that shall be as nearly equivalent as is possible to the adjustments provided for in this Article 14 with respect to the portion of the Reference Property consisting of such Common Equity or American depositary receipts (or other interests) in respect thereof. If, in the case of any Share Exchange Event, the Reference Property includes shares of stock, securities or other property or assets (including any combination thereof), other than cash and/or cash equivalents, of a Person other than the Company, the Parent or the successor or acquiring Person, as the case may be, in such Share Exchange Event, then such supplemental indenture shall also be executed by such other Person, if such Person is an Affiliate of the Company, the Parent or the successor or acquiring Person, and shall contain such additional provisions to protect the interests of the Holders as the Parent shall in good faith reasonably consider necessary by reason of the foregoing, including the provisions providing for the purchase rights set forth in Article 15.

(b) When the Company executes a supplemental indenture pursuant to subsection (a) of this Section 14.07, the Company shall promptly file with the Trustee an Officer's Certificate briefly stating the reasons therefor, the kind or amount of cash, securities or property or asset that will comprise a unit of Reference Property after any such Share Exchange Event, any adjustment to be made with respect thereto and that all conditions precedent have been complied with, and shall promptly deliver or cause to be delivered notice thereof to all Holders. The Company shall cause notice of the execution of such supplemental indenture to be delivered to each Holder within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

(c) Neither the Company nor the Parent shall become a party to any Share Exchange Event unless its terms are consistent with this Section 14.07. None of the foregoing provisions shall affect the right of a Holder of Notes to exchange its Notes into cash or a combination of cash and shares of Common Stock, as applicable, as set forth in Section 14.01 and Section 14.02 prior to the effective date of such Share Exchange Event.

(d) In connection with any Share Exchange Event, the Company shall adjust the Initial Dividend Threshold based on the number of shares of common stock comprising the Reference Property, (if applicable) the value of any non-stock consideration comprising the Reference Property and any other factor the Company determines in good faith is relevant to such determination. If the Reference Property is composed solely of non-stock consideration, the Initial Dividend Threshold shall be equal to zero.

(e) The above provisions of this Section 14.07 shall similarly apply to successive Share Exchange Events.

Section 14.08. *Certain Covenants*. Each of the Company and the Parent covenants that all shares of Common Stock delivered upon exchange of Notes will be fully paid and non-assessable by the Parent and free from all taxes, liens and charges with respect to the issue thereof.

(a) Each of the Company and the Parent covenants that, if any shares of Common Stock to be provided for the purpose of exchange of Notes hereunder require registration with or approval of any governmental authority under any federal or state law before such shares of Common Stock may be validly issued upon exchange, the Company and/or the Parent will, to the extent then permitted by the rules and interpretations of the Commission, secure such registration or approval, as the case may be.

(b) Each of the Company and the Parent further covenants that, if at any time the Common Stock shall be listed on any national securities exchange or automated quotation system, the Parent will list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, any Common Stock deliverable upon exchange of the Notes.

Section 14.09. *Responsibility of Trustee*. The Trustee and the Exchange Agent shall not at any time be under any duty or responsibility to any Holder to determine the Exchange Rate (or any adjustment thereto) or whether any facts exist that may require any adjustment (including any increase) of the Exchange Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and the Exchange Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities, property or cash that may at any time be issued or delivered upon the exchange of any Note; and the Trustee and the Exchange Agent make no representations with respect thereto. Neither the Trustee nor the Exchange Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of exchange or to comply with any of the duties, responsibilities or covenants of the Company or the Parent contained in this Article. Without limiting the generality of the foregoing, neither the Trustee nor the Exchange Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 14.07 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders upon the exchange of their Notes after any event referred to in such Section 14.07 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept (without any independent investigation) as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officer's Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto. Neither the Trustee nor the Exchange Agent shall be responsible for determining whether any event contemplated by Section 14.01(b) has occurred that makes the Notes eligible for exchange or no longer eligible therefor and shall not be deemed to have notice of any such event until the Company has delivered to the Trustee and the Exchange Agent the written notices referred to in Section 14.01(b) with respect to the commencement or termination of such exchange rights, on which notices the Trustee and the Exchange Agent may conclusively rely, and the Company agrees to deliver such notices to the Trustee and the Exchange Agent immediately after the occurrence of any such event or at such other times as shall be provided for in Section 14.01(b). In no event shall the Trustee or the Exchange Agent be charged with knowledge of or have any duty to monitor the Stock Price or the Measurement Period. The parties agree that all notices to the Trustee, the Paying Agent or the Exchange Agent under this Article 14 shall be in writing.

Section 14.10. *Notice to Holders Prior to Certain Actions*. In case of any:

(a) action by the Company, the Parent or any of the Parent's other Subsidiaries that would require an adjustment in the Exchange Rate pursuant to Section 14.04 or Section 14.11; or

(b) voluntary or involuntary dissolution, liquidation or winding-up of the Company or the Parent;

then, in each case (unless notice of such event is otherwise required pursuant to another provision of this Indenture), the Company shall cause to be filed with the Trustee and the Exchange Agent (if other than the Trustee) and to be delivered to each Holder, as promptly as possible but in any event at least 10 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such action by the Company, the Parent or one of the Parent's other Subsidiaries or, if a record is not to be taken,

the date as of which the holders of Common Stock of record are to be determined for the purposes of such action by the Company, the Parent or one of the Parent's other Subsidiaries, or (ii) the date on which such dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such action by the Company, the Parent or one of the Parent's other Subsidiaries.

Section 14.11. *Shareholder Rights Plans*. If the Parent has a shareholder rights plan in effect upon exchange of the Notes, each share of Common Stock, if any, delivered upon such exchange shall be entitled to receive the appropriate number of rights, if any, and the certificates representing the Common Stock delivered upon such exchange shall bear such legends, if any, in each case as may be provided by the terms of any such shareholder rights plan, as the same may be amended from time to time. However, if, prior to any exchange of Notes, the rights have separated from the shares of Common Stock in accordance with the provisions of the applicable shareholder rights plan, the Exchange Rate shall be adjusted at the time of separation as if the Parent distributed to all or substantially all holders of the Common Stock Distributed Property as provided in Section 14.04(c), subject to readjustment in the event of the expiration or termination of such rights.

Section 14.12. *Third-Party Exchange in Lieu of Issuer Exchange*.

(a) When a Holder surrenders its Notes for exchange, the Company may, at its election (an "**Exchange Election**"), direct the Exchange Agent in writing to deliver, on or prior to the Trading Day immediately following the Exchange Date, such Notes to one or more financial institutions designated by the Company (each, a "**Designated Financial Institution**") for third-party exchange in lieu of issuer exchange. In order to accept any Notes surrendered for exchange, the Designated Financial Institution(s) must agree in writing with the Company (and the Exchange Agent and the Trustee shall have no obligation to determine whether any such Designated Financial Institution has so agreed or to monitor such Designated Financial Institution's compliance with such agreement) to timely pay and/or deliver, as the case may be, in exchange for such Notes, cash up to the aggregate principal amount of the Notes to be exchanged and pay or deliver, as the case may be, cash, shares of Common Stock or a combination of cash and shares of Common Stock in respect of the remainder, if any, of the Exchange Obligation in excess of the aggregate principal amount of the Notes being exchanged that would otherwise be due upon exchange pursuant to Section 14.02, as elected (or deemed to have been elected) by the Company, or such other amount agreed to in writing by the Holder and the Designated Financial Institution(s) (the "**Exchange Consideration**"). If the Company makes an Exchange Election, the Company shall, by the close of business on the Trading Day following the relevant Exchange Date, notify in writing the Trustee, the Exchange Agent (if other than the Trustee) and the Holder surrendering Notes for exchange that the Company has made the Exchange Election, and the Company shall promptly notify the Designated Financial Institution(s) of the relevant deadline for delivery of the Exchange Consideration and the type of Exchange Consideration to be paid and/or delivered, as the case may be.

(b) Any Notes delivered to the Designated Financial Institution(s) shall remain outstanding. If the Designated Financial Institution(s) agree(s) to accept any Notes for exchange but does not timely pay and/or deliver, as the case may be, the related Exchange Consideration, or if such Designated Financial Institution(s) does not accept the Notes for exchange, the Company shall pay and/or deliver (or cause to be delivered), as the case may be, the relevant Exchange Consideration, as, and at the time, required pursuant to this Indenture as if the Company had not made the Exchange Election.

(c) The Company's designation of any Designated Financial Institution(s) to which the Notes may be submitted for exchange does not require such Designated Financial Institution(s) to accept any Notes. If any such Designated Financial Institution does not accept the Notes so submitted for exchange, such Notes shall be subject to exchange by the Company pursuant to the terms of this Indenture without regard to the provisions in this Section 14.12.

(d) With respect to any Global Notes held by the Depositary, the provisions in this Section 14.12 shall, in all respects, be subject to the Depositary's applicable procedures.

ARTICLE 15
REPURCHASE OF NOTES AT OPTION OF HOLDERS

Section 15.01. [*Intentionally Omitted*].

Section 15.02. *Repurchase at Option of Holders Upon a Fundamental Change.*

(a) Subject to Section 15.02(f), if a Fundamental Change occurs at any time, each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes, or any portion of the principal amount thereof properly surrendered and not validly withdrawn pursuant to Section 15.03 that is equal to $1,000 or an integral multiple of $1,000, on the date (the "**Fundamental Change Repurchase Date**") specified by the Company that is not less than 20 Business Days or more than 35 Business Days following the date of the Fundamental Change Company Notice at a repurchase price equal to 100% of the principal amount thereof, *plus* accrued and unpaid interest thereon to, but excluding, the Fundamental Change Repurchase Date (the "**Fundamental Change Repurchase Price**"), unless the Fundamental Change Repurchase Date falls after a Regular Record Date but on or prior to the Interest Payment Date to which such Regular Record Date relates, in which case the Company shall instead pay the full amount of accrued and unpaid interest to Holders of record as of the close of business on such Regular Record Date, and the Fundamental Change Repurchase Price shall be equal to 100% of the principal amount of Notes to be repurchased pursuant to this Article 15.

(b) Repurchases of Notes under this Section 15.02 shall be made, at the option of the Holder thereof, upon:

(i) delivery to the Paying Agent by a Holder of a duly completed notice (the "**Fundamental Change Repurchase Notice**") in the form set forth in Attachment 2 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depositary's applicable procedures for surrendering interests in Global Notes, if the Notes are Global Notes, in each case, on or before the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date; and

(ii) delivery of the Notes, if the Notes are Physical Notes, to the Paying Agent at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements for transfer) at the Corporate Trust Office of the Paying Agent, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the applicable procedures of the Depositary, in each case, such delivery or transfer being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

The Fundamental Change Repurchase Notice in respect of any Physical Notes to be repurchased shall state:

(i) the certificate numbers of the Notes to be delivered for repurchase;

(ii) the portion of the principal amount of Notes to be repurchased, which must be $1,000 or an integral multiple thereof; and

(iii) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture.

If the Notes are Global Notes, to exercise the Fundamental Change repurchase right, Holders must surrender their Notes in accordance with applicable Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 15.02 shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 15.03.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

(c) On or before the 20th Business Day after the occurrence of the effective date of a Fundamental Change, the Company shall provide to all Holders and the Trustee and the Paying Agent (in the case of a Paying Agent other than the Trustee) a written notice (the "**Fundamental Change Company Notice**") of the occurrence of the effective date of the Fundamental Change and of the resulting repurchase right at the option of the Holders arising as a result thereof. In the case of Physical Notes, such notice shall be by first class mail or, in the case of Global Notes, such notice shall be delivered in accordance with the applicable procedures of the Depositary. Simultaneously with providing such notice, the Parent shall publish such information on the Parent's website or through such other public medium as the Parent may use at that time. Each Fundamental Change Company Notice shall specify:

(i) the events causing the Fundamental Change;

(ii) the effective date of the Fundamental Change;

(iii) the last date on which a Holder may exercise the repurchase right pursuant to this Article 15;

(iv) the Fundamental Change Repurchase Price;

(v) the Fundamental Change Repurchase Date;

(vi) the name and address of the Paying Agent and the Exchange Agent, if applicable;

(vii) if applicable, the Exchange Rate and any adjustments to the Exchange Rate as a result of the Fundamental Change (or related Make-Whole Fundamental Change);

(viii) that the Notes with respect to which a Fundamental Change Repurchase Notice has been delivered by a Holder may be exchanged only if the Holder withdraws the Fundamental Change Repurchase Notice in accordance with the terms of this Indenture; and

(ix) the procedures that Holders must follow to require the Company to repurchase their Notes.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.02.

At the Company's written request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company.

(d) Notwithstanding anything to the contrary in this Article 15, the Company shall not be required to repurchase, or to make an offer to repurchase, the Notes upon a Fundamental Change if a third party makes such an offer in the same manner, at the same time and otherwise in compliance with the requirements for an offer made by the Company as set forth in this Article 15 and such third party purchases all Notes properly surrendered and not validly withdrawn under its offer in the same manner, at the same time and otherwise in compliance with the requirements for an offer made by the Company as set forth above.

(e) Notwithstanding the foregoing, no Notes may be repurchased by the Company on any date at the option of the Holders upon a Fundamental Change if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a Default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes). The Paying Agent will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a Default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such

Notes), or any instructions for book-entry transfer of the Notes in compliance with the applicable procedures of the Depositary, shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

(f) Notwithstanding anything to the contrary in this Section 15.02, the Company shall not be required to send a Fundamental Change Company Notice, or offer to repurchase or repurchase any Notes, as set forth in this Article 15, in connection with a Fundamental Change occurring pursuant to clause (b)(A) or (B) of the definition thereof, if: (i) such Fundamental Change constitutes a Share Exchange Event whose Reference Property consists entirely of cash in U.S. dollars; (ii) immediately after such Fundamental Change, the Notes become exchangeable (pursuant to Section 14.07 and, if applicable, Section 14.03) for consideration that consists solely of U.S. dollars in an amount per $1,000 principal amount of Notes that equals or exceeds the Fundamental Change Repurchase Price per $1,000 principal amount of Notes (calculated assuming that the same includes the maximum amount of accrued but unpaid interest payable as part of the Fundamental Change Repurchase Price for such Fundamental Change); and (iii) the Company timely sends the notice relating to such Fundamental Change required pursuant to Section 14.01(b)(iii). Any Fundamental Change with respect to which, in accordance with the provisions described in this Section 15.02(f), the Company does not offer to repurchase any Notes is referred to herein as an "**Exempted Fundamental Change**."

Section 15.03. *Withdrawal of Fundamental Change Repurchase Notice*. A Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) in respect of Physical Notes by means of a written notice of withdrawal delivered to the Corporate Trust Office of the Paying Agent in accordance with this Section 15.03 at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date, specifying:

(i) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, which must be $1,000 or an integral multiple thereof,

(ii) the certificate number of the Note in respect of which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Note that remains subject to the original Fundamental Change Repurchase Notice, which portion must be in principal amounts of $1,000 or an integral multiple of $1,000;

If the Notes are Global Notes, Holders must withdraw their Notes subject to repurchase at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date in accordance with applicable procedures of the Depositary.

Section 15.04. *Deposit of Fundamental Change Repurchase Price*. The Company will deposit with the Trustee (or other Paying Agent appointed by the Company, or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 4.04) on or prior to 11:00 a.m., New York City time, on the Fundamental Change Repurchase Date an amount of money sufficient to repurchase all of the Notes to be repurchased at the appropriate Fundamental Change Repurchase Price. Subject to receipt of funds and/or Notes by the Trustee

(or other Paying Agent appointed by the Company), payment for Notes surrendered for repurchase (and not validly withdrawn prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date) will be made on the later of (i) the Fundamental Change Repurchase Date (*provided* the Holder has satisfied the conditions in Section 15.02) and (ii) the time of book-entry transfer or the delivery of such Note to the Trustee (or other Paying Agent appointed by the Company) by the Holder thereof in the manner required by Section 15.02 by mailing checks for the amount payable to the Holders of such Notes entitled thereto as they shall appear in the Note Register; *provided*, *however*, that payments to the Depositary shall be made by wire transfer of immediately available funds to the account of the Depositary or its nominee. The Trustee shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Fundamental Change Repurchase Price.

(a) If by 11:00 a.m. New York City time, on the Fundamental Change Repurchase Date, the Trustee (or other Paying Agent appointed by the Company) holds money sufficient to pay the Fundamental Change Repurchase Price (and, to the extent not included in the Fundamental Change Repurchase Price, accrued and unpaid interest, if applicable) of the Notes to be repurchased on such Fundamental Change Repurchase Date, then, with respect to the Notes that have been properly surrendered for repurchase and have not been validly withdrawn, (i) such Notes will cease to be outstanding, (ii) interest will cease to accrue on such Notes (whether or not book-entry transfer of the Notes has been made or whether or not the Notes have been delivered to the Trustee or Paying Agent) and (iii) all other rights of the Holders of such Notes will terminate (other than the right to receive the Fundamental Change Repurchase Price and, to the extent not included in the Fundamental Change Repurchase Price, accrued and unpaid interest, if applicable).

(b) Upon surrender of a Note that is to be repurchased in part pursuant to Section 15.02, the Company shall execute and upon receipt of a Company Order, the Trustee shall authenticate and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the unrepurchased portion of the Note surrendered.

Section 15.05. *Covenant to Comply with Applicable Laws Upon Repurchase of Notes*. In connection with any repurchase offer upon a Fundamental Change pursuant to this Article 15, the Company will, if required:

(a) comply with the tender offer rules under the Exchange Act that may then be applicable;

(b) file a Schedule TO or any other required schedule under the Exchange Act; and

(c) otherwise comply in all material respects with all federal and state securities laws in connection with any offer by the Company to repurchase the Notes;

in each case, so as to permit the rights and obligations under this Article 15 to be exercised in the time and in the manner specified in this Article 15.

To the extent that the provisions of any securities laws or regulations enacted or adopted after the date of this Indenture conflict with the provisions of this Indenture relating to the Company's obligations to repurchase the Notes upon a Fundamental Change, the Company shall comply with such securities laws and regulations and shall not be deemed to have breached its obligations under such provisions of this Indenture by virtue of such conflict.

ARTICLE 16
NO REDEMPTION

Section 16.01. *No Redemption*. The Notes shall not be redeemable prior to the Maturity Date, and no sinking fund is provided for the Notes.

ARTICLE 17
MISCELLANEOUS PROVISIONS

Section 17.01. *Provisions Binding on Company's and Parent's Successors*. All the covenants, stipulations, promises and agreements of each of the Company and the Parent contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 17.02. *Official Acts by Successor Corporation*. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or Officer of the Company or the Parent shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or other entity that shall at the time be the lawful sole successor of the Company or the Parent, as the case may be.

Section 17.03. *Addresses for Notices, Etc*. Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders on the Company or the Parent shall be deemed to have been sufficiently given or made, for all purposes if given or served by overnight courier or by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company or the Parent, as the case may be, with the Trustee) to American Water Capital Corp., 1 Water Street, Camden, NJ 08102, Attention: Treasurer and American Water Works Company, Inc., 1 Water Street, Camden, NJ 08102, Attention: Treasurer. Any notice, direction, approvals, communications, request or demand hereunder to or upon the Trustee in each of its capacities hereunder shall be in writing and shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the Corporate Trust Office or sent electronically in PDF format to an email address specified by the Trustee and in accordance with the terms hereof.

The Trustee, by notice to the Company and the Parent, may designate additional or different addresses for subsequent notices or communications.

The Trustee shall have the right to accept and act upon instructions ("**Instructions**"), including fund transfer instructions given pursuant to this Indenture and delivered using Electronic Means; *provided*, *however*, that the Company and the Parent shall provide to the Trustee an incumbency certificate listing Officers and other personnel of the Company or the Parent, as the case may be, with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency

certificate shall be amended by the Company and/or the Parent, as applicable, whenever a person is to be added or deleted from the listing promptly upon reasonable request of the Trustee. If the Company and/or the Parent elects to give the Trustee Instructions using Electronic Means and the Trustee in its reasonable discretion elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The Company and the Parent understand and agree that the Trustee shall be entitled to presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Company and the Parent shall establish reasonable procedures to ensure that only Authorized Officers transmit such Instructions to the Trustee and that the Company, the Parent and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Company or the Parent, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Each of the Company and the Parent agree: (i) to assume all risks arising out of the use of the Electronic Means they select to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Company or the Parent, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to them a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. For purposes of this Section 17.03, "**Electronic Means**" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Any notice or communication delivered or to be delivered to a Holder of Physical Notes shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Note Register and shall be sufficiently given to it if so mailed within the time prescribed. Any notice or communication delivered or to be delivered to a Holder of Global Notes shall be delivered in accordance with the applicable procedures of the Depositary and shall be sufficiently given to it if so delivered within the time prescribed. Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any Fundamental Change Company Notice) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depositary (or its designee) pursuant to the standing instructions from the Depositary or its designee, including by electronic mail in accordance with the Depositary's applicable procedures.

Failure to mail or deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed or delivered, as the case may be, in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

In addition to the foregoing, the Trustee agrees to accept and act upon notice, instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If any Person elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) under this Indenture, the Trustee's reasonable understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

Section 17.04. *Governing Law; Jurisdiction*. THIS INDENTURE AND EACH NOTE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE AND EACH NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW OR ANY SUCCESSOR TO SUCH STATUTE), WITHOUT GIVING EFFECT TO ITS CONFLICTS-OF-LAW PRINCIPLES.

Each of the Company and the Parent irrevocably consents and agrees, for the benefit of the Holders from time to time of the Notes and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection with this Indenture or the Notes may be brought in the courts of the State of New York or the courts of the United States of America located in the Borough of Manhattan, New York City, New York and, until amounts due and to become due in respect of the Notes have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues.

Each of the Company and the Parent irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Indenture brought in the courts of the State of New York or the courts of the United States of America located in the Borough of Manhattan, New York City, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 17.05. *Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to the Trustee*. Upon any application or demand by the Company or the Parent to the Trustee to take any action under any of the provisions of this Indenture, the Company or the Parent shall, if requested by the Trustee, furnish to the Trustee an Officer's Certificate stating that such action is permitted by the terms of this Indenture and that all conditions precedent to such action have been complied with.

Each Officer's Certificate and Opinion of Counsel provided for, by or on behalf of the Company or the Parent in this Indenture and delivered to the Trustee with respect to compliance with this Indenture (other than the Officer's Certificates provided for in Section 4.08) shall include (a) a statement that the person signing such certificate is familiar with the requested action and this Indenture; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statement contained in such certificate is based; (c) a statement that, in the judgment of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed judgment as to whether or not such action is permitted by this Indenture; and (d) a statement as to whether or not, in the judgment of such person, such action is permitted by this Indenture and that all conditions precedent to such action have been complied with; *provided* that no Opinion of Counsel shall be required to be delivered in connection with (1) the original issuance of Notes on the date hereof under this Indenture, (2) the mandatory exchange of the restricted CUSIP of the Restricted Securities to an unrestricted CUSIP pursuant to the applicable procedures of the Depositary upon the Notes becoming freely tradable by non-Affiliates of the Company under Rule 144, or (3) a request by the Company that the Trustee deliver a notice to Holders under this Indenture where the Trustee receives an Officer's Certificate with respect to such notice. With respect to matters of fact, an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

Notwithstanding anything to the contrary in this Section 17.05, if any provision in this Indenture specifically provides that the Trustee shall or may receive an Opinion of Counsel in connection with any action to be taken by the Trustee from the Company or the Parent hereunder, the Trustee shall be entitled to, or entitled to request, such Opinion of Counsel.

Section 17.06. *Legal Holidays*. In any case where any Interest Payment Date, any Fundamental Change Repurchase Date or the Maturity Date is not a Business Day or is a day on which financial institutions located in the state in which the Corporate Trust Office is located are authorized or required by law or executive order to close or be closed, then any action to be taken on such date need not be taken on such date, but may be taken on the next succeeding Business Day that is not a day on which financial institutions located in the state in which the Corporate Trust Office is located are authorized or required by law or executive order to close or be closed with the same force and effect as if taken on such date, and no interest shall accrue in respect of the delay.

Section 17.07. *No Security Interest Created*. Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 17.08. *Benefits of Indenture*. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Paying Agent, any Exchange Agent, any authenticating agent, any Note Registrar and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 17.09. *Table of Contents, Headings, Etc*. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 17.10. *Authenticating Agent*. The Trustee may appoint an authenticating agent that shall be authorized to act on its behalf and subject to its direction in the authentication and delivery of Notes in connection with the original issuance thereof and transfers and exchanges of Notes hereunder, including under Section 2.04, Section 2.05, Section 2.06, Section 2.07, Section 10.04 and Section 15.04 as fully to all intents and purposes as though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Notes. For all purposes of this Indenture, the authentication and delivery of Notes by the authenticating agent shall be deemed to be authentication and delivery of such Notes "by the Trustee" and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Notes for the Trustee's certificate of authentication. Such authenticating agent shall at all times be a Person eligible to serve as trustee hereunder pursuant to Section 7.08.

Any corporation or other entity into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation or other entity is otherwise eligible under this Section 17.10, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation or other entity.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section 17.10, the Trustee may appoint a successor authenticating agent (which may be the Trustee), shall give written notice of such appointment to the Company and shall deliver notice of such appointment to all Holders.

The Company agrees to pay to the authenticating agent from time to time reasonable compensation for its services although the Company may terminate the authenticating agent, if it determines such agent's fees to be unreasonable.

The provisions of Section 7.02, Section 7.03, Section 7.04, Section 8.03 and this Section 17.10 shall be applicable to any authenticating agent.

If an authenticating agent is appointed pursuant to this Section 17.10, the Notes may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

_____,
as Authenticating Agent, certifies that this is one of the Notes described in the within-named Indenture.

By:_____
Authorized Officer

Section 17.11. *Execution in Counterparts*. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the other parties hereto shall be deemed to be their original signatures for all purposes.

Section 17.12. *Severability*. In the event any provision of this Indenture or in the Notes shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 17.13. *Waiver of Jury Trial*. EACH OF THE COMPANY, THE PARENT, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17.14. *Force Majeure*. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, pandemics, epidemics, quarantine restrictions, recognized public emergencies, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 17.15. *Calculations*. Except as otherwise provided herein, the Parent shall be responsible for making all calculations called for under the Notes or this Indenture. These calculations include, but are not limited to, determinations of the Last Reported Sale Prices of the Common Stock, the Trading Price of the Notes (for purposes of determining whether the Notes are exchangeable as described herein), the Daily VWAPs, the Daily Exchange Values, the Daily

Settlement Amounts, accrued interest payable on the Notes and the Exchange Rate of the Notes. The Parent shall make all these calculations in good faith and, absent manifest error, the Parent's calculations shall be final and binding on Holders of Notes. Neither the Trustee nor the Exchange Agent will have any responsibility for making any such calculations. The Company shall provide a schedule of the Parent's calculations to each of the Trustee and the Exchange Agent, and each of the Trustee and the Exchange Agent is entitled to rely conclusively upon the accuracy of the Parent's calculations without independent verification. The Trustee will forward the Parent's calculations to any Holder of Notes upon the written request of that Holder at the sole cost and expense of the Company. For the avoidance of doubt, neither the Trustee nor the Exchange Agent shall be responsible for performing any calculations under this Indenture and the Trustee and the Exchange Agent shall rely conclusively on the calculations and information provided to them by the Company as to the Last Reported Sale Prices of the Common Stock, the Trading Price of the Notes (for purposes of the Company's determination whether the Notes are exchangeable as described herein), the Daily VWAPs, the Daily Exchange Values, the Daily Settlement Amounts, accrued interest payable on the Notes and the Exchange Rate of the Notes. Neither the Trustee nor the Exchange Agent shall be charged with knowledge of or have any duties to monitor the price of the Common Stock or any Measurement Period.

Section 17.16. *USA PATRIOT Act*. The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the USA PATRIOT Act.

Section 17.17. *Electronic Signatures*. All notices, approvals, consents, requests and any communications hereunder must be in writing (*provided* that any communication sent to the Trustee hereunder must be in the form of a document that is signed manually or by way of a digital signature provided by DocuSign (or such other digital signature provider as specified in writing to the Trustee by the authorized representative) in English). Electronic signatures believed by the Trustee to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider identified by any other party hereto and acceptable to the Trustee) shall be deemed original signatures for all purposes. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that any notice, instruction, or other communication, including any funds transfer instruction, (each, a "**Notice**") in the form of an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any such electronic Notice.

Section 17.18. *Tax Matters*. Each of the Company and the Parent agrees, subject to applicable law, (i) to provide the Trustee, upon written request, with such reasonable tax information as it has obtained in the ordinary course and has readily available in its possession to enable the Trustee to determine whether any payments pursuant to this Indenture are subject to the withholding requirements described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations, or agreements thereunder or official interpretations thereof ("**FATCA**") and

(ii) that the Trustee shall be entitled to make any withholding or deduction from payments under this Indenture to the extent necessary to comply with FATCA. The agreement in this Section 17.18 shall be solely for the benefit of the Trustee in order to assist it in complying with such withholding requirements and shall not be enforceable by any individual Holder.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

COMPANY:

AMERICAN WATER CAPITAL CORP.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Vice President and Treasurer

PARENT:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Senior Vice President, Deputy Chief Financial Officer and Treasurer

[*Signature Page to Indenture*]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: /s/ GREGORY P. GUIM
Name: Gregory P. Guim
Title: Vice President

[*Signature Page to Indenture*]

EXHIBIT A

[FORM OF FACE OF NOTE]

[INCLUDE FOLLOWING LEGEND IF A GLOBAL NOTE]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREUNDER IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[INCLUDE FOLLOWING LEGEND IF A RESTRICTED SECURITY]

THIS SECURITY AND THE COMMON STOCK, IF ANY, DELIVERABLE UPON EXCHANGE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF AMERICAN WATER CAPITAL CORP. (THE "COMPANY") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO AMERICAN WATER WORKS COMPANY, INC. OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(D) ABOVE, THE COMPANY, AMERICAN WATER WORKS COMPANY, INC. AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

AMERICAN WATER CAPITAL CORP.

3.625% Exchangeable Senior Note due 2026

No. [_____] [Initially][1] $[_____]

CUSIP No. [_____][2]

American Water Capital Corp., a corporation duly organized and validly existing under the laws of the State of Delaware (the "**Company**," which term includes any successor corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [CEDE & CO.][3] [_____][4], or registered assigns, the principal sum [as set forth in the "Schedule of Exchanges of Notes" attached hereto][5] [of $[_____]][6], which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed $1,035,000,000 in aggregate at any time, in accordance with the rules and procedures of the Depositary, on June 15, 2026, and interest thereon as set forth below.

This Note shall bear interest at the rate of 3.625% per year from June 29, 2023, or from the most recent date to which interest had been paid or provided for to, but excluding, the next scheduled Interest Payment Date until June 15, 2026. Interest is payable semi-annually in arrears on each June 15 and December 15, commencing on December 15, 2023, to Holders of record at the close of business on the preceding June 1 and December 1 (whether or not such day is a Business Day), respectively. Additional Interest will be payable as set forth in Section 4.06(d), Section 4.06(e) and Section 6.03 of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to any of such Section 4.06(d), Section 4.06(e) or Section 6.03, and any express mention of the payment of Additional Interest in any provision therein shall not be construed as excluding Additional Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate borne by the Notes, subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such Defaulted Amounts shall have been paid by the Company, at its election, in accordance with Section 2.03(c) of the Indenture.

The Company shall pay or cause to be paid the principal of and interest on this Note, if and so long as such Note is a Global Note, in immediately available funds to the Depositary or

---

1 Include if a global note.

2 This Note will be deemed to be identified by CUSIP No. 03040W BB0 from and after such time when (i) the Company delivers, pursuant to Section 2.05(c) of the within-mentioned Indenture, written notice to the Trustee of the occurrence of the Resale Restriction Termination Date and the removal of the restrictive legend affixed to this Note and (ii) this Note is identified by such CUSIP number in accordance with the applicable procedures of the Depositary.

3 Include if a global note.

4 Include if a physical note.

5 Include if a global note.

6 Include if a physical note.

its nominee, as the case may be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay or cause to be paid the principal of any Notes (other than Notes that are Global Notes) at the office or agency designated by the Company for that purpose. The Company has initially designated the Trustee as its Paying Agent and Note Registrar in respect of the Notes and its Corporate Trust Office in the continental United States of America, as a place where Notes may be presented for payment or for registration of transfer and exchange.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to exchange this Note into cash or a combination of cash and shares of Common Stock, as applicable, on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

THIS NOTE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS NOTE, SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW OR ANY SUCCESSOR TO SUCH STATUTE), WITHOUT GIVING EFFECT TO ITS CONFLICTS-OF-LAW PRINCIPLES.

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or electronically by the Trustee or a duly authorized authenticating agent under the Indenture.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

AMERICAN WATER CAPITAL CORP.

By: _____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION as Trustee, certifies that this is one of the Notes described in the within-named Indenture.

By: _____
Authorized Signatory

[FORM OF REVERSE OF NOTE]

AMERICAN WATER CAPITAL CORP.
3.625% Exchangeable Senior Note due 2026

This Note is one of a duly authorized issue of Notes of the Company, designated as its 3.625% Exchangeable Senior Notes due 2026 (the "Notes"), limited to the aggregate principal amount of $1,035,000,000, all issued or to be issued under and pursuant to an Indenture dated as of June 29, 2023 (the "**Indenture**"), among the Company, American Water Works Company, Inc. (the "**Parent**") and U.S. Bank Trust Company, National Association (the "**Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company, the Parent and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used in this Note and not defined in this Note shall have the respective meanings set forth in the Indenture.

In case certain Events of Default shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the Fundamental Change Repurchase Price on the Fundamental Change Repurchase Date and the principal amount on the Maturity Date, as the case may be, to the Holder who surrenders a Note to a Paying Agent to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States of America that at the time of payment is legal tender for payment of public and private debts.

The Indenture contains provisions permitting the Company, the Parent and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain other circumstances, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

Each Holder shall have the right to receive payment or delivery, as the case may be, of (x) the principal (including the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest, if any, on, and (z) the consideration due upon exchange of, this Note at the place, at the respective times, at the rate and in the lawful money or shares of Common Stock, as the case may be, herein prescribed.

The Notes are issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company and/or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Notes are not subject to redemption through the operation of any sinking fund or otherwise.

Upon the occurrence of a Fundamental Change (other than an Exempted Fundamental Change), the Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of $1,000 or integral multiples thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, during certain periods and upon the occurrence of certain conditions specified in the Indenture, prior to the close of business on the Business Day immediately preceding the Maturity Date, to exchange any Notes or portion thereof that is $1,000 or an integral multiple thereof, into cash or a combination of cash and shares of Common Stock, as applicable, at the Exchange Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

SCHEDULE A[7]

SCHEDULE OF EXCHANGES OF NOTES

American Water Capital Corp.
3.625% Exchangeable Senior Notes due 2026

The initial principal amount of this Global Note is [_____] DOLLARS ($[_____]). The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Custodian

7 Include if a global note.

[FORM OF NOTICE OF EXCHANGE]

To: U.S. Bank Trust Company, National Association
50 S. 16th Street, Suite 2000
Philadelphia, PA, 19102
Attention: Global Corporate Trust Relationship Manager – American Water Capital Corp.

The undersigned registered owner of this Note hereby exercises the option to exchange this Note, or the portion hereof (that is $1,000 principal amount or an integral multiple thereof) below designated, into cash or a combination of cash and shares of Common Stock, as applicable, in accordance with the terms of the Indenture referred to in this Note, and directs that any cash payable and any shares of Common Stock issuable and deliverable upon such exchange, together with any cash for any fractional share, and any Notes representing any unexchanged principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any shares of Common Stock or any portion of this Note not exchanged are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

Dated:_____

_____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)
Please print name and address

Principal amount to be exchanged (if less than all): $_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Social Security or Other Taxpayer
Identification Number

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: U.S. Bank Trust Company, National Association
50 S. 16th Street, Suite 2000
Philadelphia, PA, 19102
Attention: Global Corporate Trust Relationship Manager – American Water Capital Corp.

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from American Water Capital Corp. (the "**Company**") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is $1,000 principal amount or an integral multiple thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest, if any, thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Dated: _____

_____
Signature(s)

_____
Social Security or Other Taxpayer
Identification Number

Principal amount to be exchanged (if less than all):
$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF ASSIGNMENT AND TRANSFER]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of American Water Capital Corp. (the "**Company**"), with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

- To American Water Works Company, Inc. or a subsidiary thereof (including American Water Capital Corp.); or
- Pursuant to a registration statement that has become effective under the Securities Act of 1933, as amended; or
- Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or
- Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended, or any other available exemption from the registration requirements of the Securities Act of 1933, as amended.

Dated: _____

_____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 29, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Decision by the California Public Utilities Commission on 2021 Cost of Capital Application of California-American Water Company

On June 29, 2023, the California Public Utilities Commission (the "CPUC") issued a decision on the cost of capital application for California-American Water Company ("Cal Am"), a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), which authorizes for Cal Am a return on equity ("ROE") of 8.98% and a capital structure with an equity component of 57.04% for the three-year period from 2022 to 2024. The CPUC's decision is not retroactive and will be effective from the date of the order through the end of 2024. The decision includes a Water Cost of Capital Mechanism (the "WCCM") that would allow Cal Am to increase its ROE for the remainder of 2023 and 2024 based on capital market rates. As authorized by the WCCM, on June 30, 2023, Cal Am filed with the CPUC staff an advice letter to seek a 52 basis point increase to Cal Am's ROE for 2023, which would, if approved, increase it to 9.50%. The advice letter filing is subject to a 30-day staff review and approval process. The cost of capital applications were originally submitted to the CPUC by Cal Am, along with three other Class A water companies (California Water Service Company, Golden State Water Company and San Jose Water Company), on May 3, 2021.

Filing of Water Rate Adjustment Request by Kentucky-American Water Company

On June 30, 2023, Kentucky-American Water Company ("Kentucky American Water"), a subsidiary of the Company, filed a rate adjustment request with the Kentucky Public Service Commission (the "KPSC") with respect to its water rates. The request seeks aggregate annualized incremental revenue of $26.1 million, excluding qualified infrastructure program revenue of $9.8 million. The request is based on a proposed return on common equity of 10.75% and a proposed capital structure with a common equity component of 52.45%. The request is subject to approval by the KPSC, and the proceeding is expected to be completed by the end of the first quarter of 2024.

A copy of the press release issued by Kentucky American Water on June 30, 2023, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the KPSC, with respect to the above-referenced rate adjustment request; (2) the amount of any annualized incremental water revenue adjustment that may be approved by the KPSC and the timing of the implementation of new rates following the resolution of this proceeding; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Kentucky American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally, or the Company or Kentucky American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such

factor on the Company's or Kentucky American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated June 30, 2023, issued by Kentucky American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: June 30, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

KENTUCKY AMERICAN WATER

Kentucky American Water Files Rate Request Driven by $330 Million in Investment

Request reinforces company's commitment to providing safe, reliable and affordable water service

LEXINGTON, Ky., (June 30, 2023) – Kentucky American Water filed a rate adjustment request today with the Kentucky Public Service Commission (PSC) reflecting $330 million in water system investments since its last rate case order issued in 2019, which has allowed the company to continue providing safe and reliable water service as well as the increased costs of procuring chemicals, goods and services.

"Kentucky American Water continues to address aging infrastructure by investing in its water treatment and distribution facilities. This commitment helps ensure service reliability and water quality to help protect customers and the communities we serve," said Kathryn Nash, president of Kentucky American Water. "We also remain steadfast in addressing the needs of our most vulnerable customers by including components in our request to keep rates affordable."

In today's filing, Kentucky American Water is seeking to increase water service revenues by $26 million, net of Qualified Infrastructure Program (QIP) revenues. The PSC approved the company's QIP in 2019. The program enables the company to replace aging water system infrastructure more quickly. If the company's proposed rates are approved as requested, the bill for a typical residential customer using 3,800 gallons per month would increase by approximately $9.00 per month when new rates are implemented in 2024. The company last filed for new rates through a general rate case in November 2018 and last implemented new base rates in June 2019.

Additional information on current rates is available on the company's website at https://www.amwater.com/kyaw/Customer-Service-Billing/your-water-rates.

Results of a customer affordability study conducted as part of the filing demonstrate that the cost of the company's water service as a comparison of monthly bills to monthly household income has improved over the past decade and will remain affordable under the company's proposed rates.

Recognizing that affordability may still be an issue for some residential customers, the company is proposing a new rate design that provides a reduced monthly service charge and consumption charges rate. The new rate design, if approved by the PSC, would be available to qualified residential customers.

Press Release

KENTUCKY AMERICAN WATER

Additionally, Kentucky American Water offers payment plans, budget billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance link under Customer Service & Billing on the company's website. For tips on how to reduce your water bill by conserving water, visit the Wise Water Use page on website at https://www.amwater.com/kyaw/Water-Wastewater-Information/wise-water-use.

The PSC's rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public input hearings, and consumer advocacy organizations that participate in the proceedings.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, Twitter and Instagram.

About Kentucky American Water
Kentucky American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 555,000 people.

AWK-IR

Media Contact:
Susan Lancho
Senior Manager, External and Government Affairs
859-268-6332
susan.lancho@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 3, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

On March 3, 2023, American Water Works Company, Inc. ("American Water") sold 12,650,000 shares (the "Shares") of American Water's common stock, par value $0.01 per share pursuant to an Underwriting Agreement, dated February 28, 2023 (the "Underwriting Agreement"), by and among American Water, and BofA Securities, Inc., Wells Fargo Securities, LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein (the "Underwriters"), which includes 1,650,000 shares of common stock purchased by the Underwriters from American Water pursuant to the exercise in full under the Underwriting Agreement of a 30-day option to purchase such shares.

The Shares were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File No. 333-253484). At the closing of this offering on March 3, 2023, American Water received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688.4 million. American Water intends to use the net proceeds of the offering to repay short-term commercial paper obligations of American Water Capital Corp., the wholly owned finance subsidiary of American Water, and for general corporate purposes.

This Current Report on Form 8-K is being filed to report the closing of the offering summarized herein and to include, as exhibits, certain documents executed in connection with the sale of the Shares.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated February 28, 2023, by and among American Water, BofA Securities, Inc., Wells Fargo Securities, LLC, and RBC Capital Markets, LLC, as representatives of the several underwriters named therein.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 3, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

EXECUTION VERSION

American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102

11,000,000 Shares of Common Stock

Underwriting Agreement

February 28, 2023

BofA Securities, Inc.
One Bryant Park
New York, New York 10036

Wells Fargo Securities, LLC
500 West 33rd Street
New York, New York 10001

RBC Capital Markets, LLC
Brookfield Place, 200 Vesey Street, 8th Floor
New York, New York 10281

As representatives of the several Underwriters named on Schedule I hereto

Ladies and Gentlemen:

1. American Water Works Company, Inc., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated in this agreement (this "**Agreement**"), to issue and sell to the underwriters named in Schedule I hereto (the "**Underwriters**"), for whom you (the "**Representatives**") are acting as representatives, an aggregate of 11,000,000 shares (the "**Firm Shares**") and, at the election of the Underwriters, up to 1,650,000 additional shares (the "**Optional Shares**" and, together with the Firm Shares, the "**Shares**") of common stock, par value $0.01 per share (the "**Common Stock**"), of the Company.

2. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File No. 333-253484) in respect of the Shares has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop

order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Shares filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Shares that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 2(c) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Shares filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 6(a) hereof is hereinafter called the "**Prospectus**"; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Shares filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act, and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives expressly for use therein (the "**Underwriter Information**");

(c) For the purposes of this Agreement, the "**Applicable Time**" is 7:45 p.m., New York City time, on the date of this Agreement. The Pricing Prospectus, when considered together with the information on Schedule IV hereto (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however,* that the representations and warranties in this clause (c) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(f) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however,* that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(g) The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Act and the Exchange Act, as applicable, and present fairly the financial condition of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles ("**GAAP**") in the United States applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein; the other financial information included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly the information shown thereby; and all disclosures included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of Commission) comply in all material respects with Item 10(e) of Regulation S-K under the Act and the Exchange Act, to the extent applicable;

(h) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Company or any of its subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Company and its subsidiaries, taken as a whole (a "**Material Adverse Effect**"); and (B) no labor dispute with the employees of the Company or any its subsidiaries exists or, to the knowledge of the Company, is imminent, which could reasonably be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Company or increase in consolidated long-term debt of the Company and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(i) The Company and each of its subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and each of its subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Company and each of its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and each of its subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(j) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Company listed on Schedule III hereto (each a "**Significant Subsidiary**") has been duly incorporated and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(k) All of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company, and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(l) The Company has the corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated thereby has been duly and validly taken;

(m) This Agreement has been duly authorized, executed and delivered by the Company; the Shares to be issued and sold by the Company hereunder have been duly authorized and, when issued and delivered and paid for as provided herein, will be duly and validly issued, will be fully paid and nonassessable and will conform to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights;

(n) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Shares) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(o) The issuance, sale and delivery of the Shares and the compliance by the Company with the provisions of this Agreement and the consummation of the transactions herein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, and (ii) will not result in any violation of (A) the provisions of the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Company or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except (i) the registration under the Act of the Shares, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Company to consummate the transactions contemplated by this Agreement;

(p) None of the Company or any of its subsidiaries is (A) in violation of the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Company, or similar organizational documents, in the case of the Company's subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Company other than the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(q) The statements set forth in the Pricing Prospectus and Prospectus under the caption "Description of American Water's Capital Stock", insofar as they purport to constitute a summary of the terms of the Shares, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations for Non-U.S. Holders", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(r) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(s) The Company is not and, as a result of and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "**Investment Company Act**");

(t) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Company or any person acting on the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Shares in reliance on the exemption of Rule 163 under the Act, the Company was a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, the Company was not an "ineligible issuer" as defined in Rule 405 under the Act;

(u) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(v) Except as disclosed in the Pricing Prospectus, the Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting;

(w) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting;

(x) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and each of its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(y) The Company and each of its subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Company and each of its subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(z) To the Company's knowledge, the Company and each of its subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their businesses as now conducted, except where the failure to own, possess or have the right would not, individually or in the

aggregate, have a Material Adverse Effect. None of the Company or any of its subsidiaries has received any notice of infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Company and each of its subsidiaries does not infringe on the rights of any person;

(aa) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Company's or its subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Company has not been notified of, and has no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Company and its subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Company has implemented and maintains security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Company has implemented backup and disaster recovery technology consistent with industry standards and practices;

(bb) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Company or any of its subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real property which, to the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Company is not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(cc) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(dd) The Company has not taken or will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(ee) The Company is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Company as of the date hereof;

(ff) The Company and each of its subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Company or any of its subsidiaries is contesting in good faith and for which the Company or any of its subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Company or any of its subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Company and each of its subsidiaries through the fiscal year ended December 31, 2018 have been closed by statute and no assessment in connection therewith has been made against the Company or any of its subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(gg) None of the Company or any of its subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(hh) The operations of the Company and each of its subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(ii) None of the Company, any of its subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is: (i) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, Iran, North Korea and Syria), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Shares shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

3. (a) Subject to the terms and conditions herein set forth, (i) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $133.4675, the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and (ii) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (i) of this Section 3(a), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

(b) The Company hereby grants to the Underwriters the right to purchase at their election up to 1,650,000 Optional Shares, at the purchase price per share set forth in the paragraph above, *provided* that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 5(a) hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice; *provided*, that if such notice is provided prior to the First Time of Delivery, such Optional Shares shall be delivered at the First Time of Delivery.

4. The Company understands that the Underwriters intend to make a public offering of the Shares, and to offer the Shares as described in the Prospectus.

5. (a) The Shares to be purchased by each Underwriter hereunder will be deposited by or on behalf of the Underwriters with The Depository Trust Company ("**DTC**") or its designated custodian. The Company will deliver the Shares to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Shares to the account of the Underwriters at DTC. The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on March 3, 2023 or such other time and date as the Underwriters and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York City time, on the date specified by the Underwriters in each written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "**First Time of Delivery**", each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "**Second Time of Delivery**", and each such time and date for delivery is herein called a "**Time of Delivery**".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 9 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 9(k) hereof, will be delivered at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"), and the Shares will be delivered through the facilities of DTC, all at such Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

6. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld or delayed); to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Shares; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Shares by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement, any of the Shares remain unsold by the Underwriters, the Company will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Shares, in a form satisfactory to the Representatives. If at the Renewal Deadline the Company is no longer eligible to file an automatic shelf registration statement, the Company will, if it has not already done so, file a new shelf registration statement relating to the Shares,

in a form satisfactory to the Representatives and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Shares to continue as contemplated in the expired registration statement relating to the Shares. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares; *provided* that in connection therewith the Company shall not be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters as soon as practicable after the date of this Agreement but no later than 5:30 p.m., New York City time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Underwriters may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon the request of the Representatives to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many printed and electronic copies as the Underwriters may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as such Underwriter may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(f) During the period beginning from the date hereof and continuing to and including the date 90 days after the date of the Prospectus, not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with, or submit to, the Commission a registration statement under the Act relating to any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or publicly disclose the intention to make any offer, sale, pledge, disposition, submission or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, without the prior written consent of the Representatives, other than (1) the Shares to be sold hereunder, (2) in connection with any employee or director benefit or compensation, dividend reinvestment and direct stock purchase plan or similar agreement, stock option or other incentive or stock purchase plan of the Company and its subsidiaries and (3) any shares of Common Stock issued upon the exercise of options granted under the stock-based compensation plans of the Company and its subsidiaries;

(g) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";(h) To pay the required Commission filing fees relating to the Shares within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(i) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "**License**"); *provided, however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

7. (a) (i) The Company represents and agrees that, without the prior written consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

8. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 6(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) all fees and expenses in connection with any listing of Shares on the New York Stock Exchange; (v) the cost of preparing any stock certificates; (vi) the costs and charges of any transfer agent or registrar; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

9. The obligations of the Underwriters to purchase the Shares at the Time of Delivery shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 6(a) hereof; any other material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, shall have furnished to the Underwriters such written opinions, dated the Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Underwriters their written opinion and 10b-5 statement, each dated the Time of Delivery, in the form attached as Annexes IIA and IIB hereto;

(d) Jeffrey M. Taylor, Vice President, Chief SEC Counsel and Secretary of the Company, shall have furnished to the Underwriters his written opinion, dated the Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Underwriters a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus none of the Company or any of its subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Company or increase in consolidated long-term debt of the Company and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded American Water Capital Corp.'s ("**AWCC's**") debt securities by S&P Global Ratings, a division of S&P Global Ratings, or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of AWCC's debt securities;

(h) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus;

(i) The Shares to be issued and sold by the Company hereunder at the Time of Delivery shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(j) The "lock-up" agreements, each substantially in the form of Annex IV hereto, between the Representatives and each of the executive officers and directors of the Company specified on Schedule I to Annex IV relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof, shall be in full force and effect at the Time of Delivery; and

(k) The Company shall have furnished or caused to be furnished to the Underwriters at the Time of Delivery certificates of officers of the Company reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of the Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section and as to such other matters as the Representatives may reasonably request.

10. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Company against any losses, claims, damages or liabilities, joint or several, to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent,

that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise

or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 10 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged

untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 10 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter and to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 10 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Company and to each person, if any, who controls the Company within the meaning of the Act.

11. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter, the Representatives do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Shares on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Shares, or the Company notifies the Representatives that it has so arranged for the purchase of such Shares, the Representatives or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 8 hereof and the indemnity and contribution agreements in Section 10 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

12. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

13. If for any reason, other than a default by the Underwriters in their obligation to purchase the Shares, any Shares are not delivered as provided herein, the Company will reimburse the Underwriters through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to the Underwriters except as provided in Sections 8 and 10 hereof.

14. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

15. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives in care of: BofA Securities, Inc., One Bryant Park, New York, New York 10036, Attention: Syndicate Department, Email: dg.ecm_execution_services@bofa.com, with a copy to Email: dg.ecm_legal@bofa.com, Attention: ECM Legal; Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, Attention: Equity Syndicate, Fax: (212) 214-5918 (with such fax or other electronic communication to be confirmed by telephone to (212) 214-6144); or RBC Capital Markets, LLC, Brookfield Place, 200 Vesey Street 8th Floor, New York, New York 10281, Attention: Equity Capital Markets,

Phone: (877) 822-4089, Facsimile: (212) 428-6260, Email: equityprospectus@rbccm.com; and if to the Company shall be delivered or sent by mail to the address set forth in the Registration Statement or facsimile transmission to (856) 519-9730, Attention: James. H. Gallegos, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

16. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

17. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters and the Company and, to the extent provided in Sections 10 and 12 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

18. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

19. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not as an agent or fiduciary of the Company, (iii) none of the Underwriters has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent they deemed appropriate. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

20. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

21. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

22. The Company and each of the Underwriters hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

23. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

24. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "**tax treatment**" means U.S. Federal and State income tax treatment, and "**tax structure**" is limited to any facts that may be relevant to that treatment.

25. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 25, the following terms shall have the meanings indicated:

(i) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[*Signature Page Follows*]

If the foregoing is in accordance with your understanding, please sign and return to the Company a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company.

Very truly yours,

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ DAVID BOWLER
Name: David Bowler
Title: Senior Vice President, Deputy Chief Financial Officer and Treasurer

[*Signature Page to Underwriting Agreement*]

Accepted as of the date hereof:

On behalf of each of the Underwriters

BOFA SECURITIES, INC.

By: /s/ RAY CRAIG
Name: Ray Craig
Title: Managing Director

WELLS FARGO SECURITIES, LLC

By: /s/ MICHAEL TIEDEMANN
Name: Michael Tiedemann
Title: Managing Director

RBC CAPITAL MARKETS, LLC

By: /s/ MICHAEL VENTURA
Name: Michael Ventura
Title: Managing Director

	Number of Shares
BofA Securities, Inc.	2,475,000
Wells Fargo Securities, LLC	2,475,000
RBC Capital Markets, LLC	2,475,000
J.P. Morgan Securities LLC	825,000
Mizuho Securities USA LLC	825,000
Evercore Group L.L.C.	330,000
Guggenheim Securities, LLC	330,000
Scotia Capital (USA) Inc.	275,000
TD Securities (USA) LLC	275,000
Truist Securities, Inc.	275,000
Huntington Securities, Inc.	165,000
Regions Securities LLC	165,000
Loop Capital Markets LLC	55,000
Roberts & Ryan Investments Inc.	55,000
Total	**11,000,000**

Schedule III

Significant Subsidiaries of the Company

Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

Schedule IV

The number of Shares and, as to each investor, the price paid by such investor.

Annex IV

FORM OF LOCK-UP AGREEMENT

February 27, 2023

BofA Securities, Inc.
One Bryant Park
New York, New York 10036

Wells Fargo Securities, LLC
500 West 33rd Street
New York, New York 10001

RBC Capital Markets, LLC
Brookfield Place, 200 Vesey Street, 8th Floor
New York, New York 10281

Re: American Water Works Company, Inc. — Public Offering

Ladies and Gentlemen:

The undersigned understands that BofA Securities, Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC, as representatives of the Underwriters (together, the "**Underwriters**"), propose to enter into an underwriting agreement (the "**Underwriting Agreement**") with American Water Works Company, Inc., a Delaware corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") by the Underwriters, of shares of common stock, par value $0.01 per share, of the Company (the "**Common Stock**"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to make the Public Offering, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of the Underwriters, the undersigned will not, during the period beginning on the date of this letter agreement (this "**Letter Agreement**") and ending 60 days after the date of the prospectus relating to the Public Offering (the "**Prospectus**") (such period, the "**Restricted Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (including without limitation, Common Stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance

with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock, in each case other than transfers of shares of Common Stock as a bona fide gift or gifts; *provided* that in the case of any such transfer, each donee or distributee shall execute and deliver to the Underwriters a lock-up letter in the form of this paragraph; and *provided, further*, that in each such case, no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934, as amended, or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above).

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that, if the Underwriting Agreement does not become effective by March 31, 2023, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder, the undersigned shall be released from all obligations under this Letter Agreement. The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Letter Agreement.

This Letter Agreement and any claim, controversy or dispute arising under or related to this Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

Morgan Lewis

March 3, 2023

American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation (the "Company"), in connection with the offering of 12,650,000 shares (the "Shares") of common stock, $0.01 par value, of the Company ("Common Stock").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration No. 333-253484) (the "Registration Statement"), which Registration Statement was filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 25, 2021 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated February 28, 2023 (the "Prospectus Supplement"), both such prospectus and prospectus supplement filed with the Commission pursuant to Rule 424(b) under the Securities Act; (3) the Underwriting Agreement, dated February 28, 2023 (the "Underwriting Agreement"), by and among the Company, BofA Securities, Inc., Wells Fargo Securities, LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein; (4) the restated certificate of incorporation of the Company; (5) the amended and restated bylaws of the Company; and (6) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of the purchase price for the Shares) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Shares have been validly issued, fully paid and non-assessable.

In rendering the foregoing opinion, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of the documents submitted to us as originals, the conformity with the originals of all documents submitted to us as certified, facsimile or photostatic copies and the authenticity of the originals of all documents submitted to us as copies.

Morgan, Lewis & Bockius LLP

101 Park Avenue
New York, NY 10178-0060
United States

T +1.212.309.6000
F +1.212.309.6001

We hereby consent to the reference to us under the heading “Legal Matters” in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading “Legal Matters” in the Base Prospectus, and to the filing of this opinion as an exhibit to the Company’s Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ Morgan, Lewis & Bockius LLP

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 23, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

On March 24, 2023, Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"), issued a press release announcing that Pennsylvania American Water has agreed to assume all of the obligations of NextEra Water Pennsylvania, LLC ("NEWPA"), an indirect, wholly owned subsidiary of NextEra Energy, Inc., under that certain Asset Purchase Agreement, dated June 14, 2022, as amended on March 23, 2023 (the "Asset Purchase Agreement"), by and among NEWPA, the Towamencin Municipal Authority (the "Authority") and the Township of Towamencin (the "Township"), to acquire all of the assets related to the Township's wastewater system (the "System").

A copy of the press release has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in response to this Item 7.01. The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 8.01. Other Events.

On March 23, 2023, NEWPA has agreed to irrevocably sell and assign to Pennsylvania American Water, and Pennsylvania American Water has agreed to assume from NEWPA, all of NEWPA's right, title and interest in and to the Asset Purchase Agreement. The sale, assignment and assumption will take effect upon the return to NEWPA of its $10 million escrowed cash deposit, which return is expected to be completed on March 24, 2023. Once the sale, assignment and assumption are effective, and pursuant to the terms of the Asset Purchase Agreement, Pennsylvania American Water will be required to purchase substantially all of the System's wastewater assets owned by the Authority for an aggregate purchase price of $104 million, subject to adjustment as provided in the Asset Purchase Agreement. The Authority currently provides wastewater services to approximately 6,300 customer connections in seven townships, including the Township, located in Montgomery County, Pennsylvania.

Pennsylvania American Water is seeking to close its purchase of the System by mid-year 2024, subject to obtaining the required prior approval of the Pennsylvania Public Utility Commission (the "PaPUC"). The Asset Purchase Agreement provides for customary representations, warranties, covenants and conditions. Either the seller or Pennsylvania American Water may terminate the Asset Purchase Agreement if the closing of the System purchase does not occur by the "outside date" of 365 days after the later of (i) the date that an application with the PaPUC to approve the System purchase is filed and accepted as complete by the PaPUC and (ii) the date that the statutory six-month period for PaPUC final action has been initiated. The outside date may be extended (i) by Pennsylvania American Water in its sole discretion once by up to 90 days to obtain a required governmental approval, or (ii) to a date that is 60 days following the non-appealable resolution of any pending or threatened litigation (including without limitation proceedings before the PaPUC) seeking to (a) prevent the consummation of the System purchase or (b) frustrate a material term in the Asset Purchase Agreement. In addition, either the seller or Pennsylvania American Water may terminate the Asset Purchase Agreement without penalty to either party if a governmental authority with jurisdiction and authority over the System purchase has issued an order or decree or taken any other action, which order, decree or other action has become final and non-appealable, permanently enjoining, restraining or otherwise prohibiting the purchase of the System by Pennsylvania American Water.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could," or the negative of such terms or other variations or similar expressions. Forward-looking statements relate to, among other things, the ability to complete the closing of the System purchase and the anticipated closing date; the ability of the parties to satisfy closing and other conditions related to the System purchase; the filing, existence or result of any litigation or other legal challenges or actions that may seek to delay, prevent or prohibit the consummation of the transactions contemplated by the Asset Purchase Agreement or to frustrate a material term therein; and the ability of the parties to obtain required regulatory and other approvals and consents. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on

Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) obtaining the regulatory and other approvals and consents required to complete the System purchase by Pennsylvania American Water, including without limitation the prior approval of the PaPUC; (2) satisfying other conditions to the closing of the System purchase by Pennsylvania American Water; (3) the outcome of any litigation or other challenges or actions that may be filed, threatened, asserted or taken seeking to delay, prevent or prohibit the closing of the transactions contemplated by the Asset Purchase Agreement or to frustrate a material term therein; (4) the occurrence of benefits and synergies expected or predicted to occur as a result of the completion of the System purchase by Pennsylvania American Water; (5) unexpected costs, liabilities or delays associated with the System purchase or the integration of the System within Pennsylvania American Water's operations; (6) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and Pennsylvania American Water; and (7) other economic, business and other factors.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated March 24, 2023, issued by Pennsylvania-American Water Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 24, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water Announces Agreement to Assume Towamencin Acquisition Agreement

Mechanicsburg, Pa., (March 24, 2023) – Pennsylvania American Water announced today its agreement to assume the obligations with respect to an agreement to purchase all the assets related to the wastewater system of the Towamencin Municipal Authority.

Pennsylvania American Water already provides reliable water and wastewater services to approximately 2.4 million people in the Commonwealth.

“As the Commonwealth’s largest water and wastewater provider, we have a proven history of working collaboratively with local partners to deliver the best long-term solution for their water and wastewater utility services,” said Pennsylvania American Water President Justin Ladner. “We are well positioned to leverage our resources and expertise to address the needs of this community and look forward to welcoming new customers into a region we have long served.”

The Towamencin Municipal Authority serves more than 6,300 wastewater customers.

Chuck Wilson, chairman of the Towamencin Township board of supervisors, voiced support for the agreement: “We are very pleased that Pennsylvania American Water will be our new wastewater partner. They are widely regarded for their operation of wastewater systems, customer service, and environmental stewardship.”

Pennsylvania American Water will seek all necessary approvals from its regulators and expects to close the transaction by mid-year 2024. The company’s rates are set by the Pennsylvania Public Utility Commission (PUC), and any future rate changes would have to be reviewed and approved by the PUC.

About Pennsylvania American Water
Pennsylvania American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.4 million people.

About American Water
With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs more than 6,500 dedicated professionals who provide regulated and regulated-like drinking water and wastewater services to an estimated 14 million people in 24 states. American Water provides safe, clean, affordable, and reliable water services to our customers to help keep their lives flowing. For more information, visit amwater.com and diversityataw.com. Follow American Water on Twitter, Facebook and LinkedIn.

Press Release

PENNSYLVANIA AMERICAN WATER

AWK-IR

Media Contact:
Laura Martin
Senior Director, Government & External Affairs
Pennsylvania American Water
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of General Rate Case by Indiana-American Water Company

On March 31, 2023, Indiana-American Water Company ("Indiana American Water"), a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that on March 31, 2023, it filed a petition with the Indiana Utility Regulatory Commission (the "IURC") requesting an adjustment to its water and wastewater rates. The petition seeks aggregate annualized incremental revenue of $86.7 million, which would include three step increases, with $43.2 million of the increase to be included in rates in January 2024, $18.1 million in May 2024, and $25.4 million in May 2025. The requested adjustment is based on a proposed return on equity of 10.6% and a capital structure with an equity component of 56.2%. For purposes of determining proposed rates, the requested adjustment is based on an equity component of 48.2% due to the regulatory practice in Indiana of including certain zero cost items or tax credit balances in the capital structure calculation. The petition is subject to approval by the IURC, and the general rate case is expected to be completed by the end of January 2024.

A copy of the press release issued by Indiana American Water on March 31, 2023, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the IURC, with respect to the above-referenced general rate case; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Indiana American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally, or the Company or Indiana American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Indiana American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated March 31, 2023, issued by Indiana American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 31, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

News Release

INDIANA AMERICAN WATER

For Immediate Release

Indiana American Water Files Rate Request Driven by $875 Million in Investment

Request reinforces company's commitment to providing safe, reliable and affordable water and wastewater service

GREENWOOD, Ind. (March 31, 2023) – Indiana American Water filed a rate adjustment request today with the Indiana Utility Regulatory Commission (IURC) reflecting $875 million in water and wastewater system investments to be made through 2025 to continue providing safe and reliable service as well as a significant increase in the cost of procuring chemicals, goods and services.

"Indiana American Water has made significant investments in aging infrastructure and its treatment and distribution facilities to ensure service reliability, water quality, and fire protection capabilities that help protect customers and the communities we serve," said Indiana American Water President Matt Prine. "We also remain steadfastly committed to addressing the needs of our most vulnerable customers and have included components in our request to keep their rates affordable."

In today's filing, Indiana American Water is seeking to increase revenues over a phased, three step process through May 2025 that would result in $86.7 million of additional annual revenue when fully implemented. If the company's proposed rates are approved as requested, the bill for a typical residential customer using 4,000 gallons per month would increase approximately $14 per month when rates are fully implemented in 2025. The company last filed for new rates through a general rate filing in September 2018 and last implemented new rates in 2019.

The increases for residential wastewater customers will vary depending on the community served. Additional information on current rates is available on the company's website at https://www.amwater.com/inaw/customer-service-billing/your-water-rates.

News Release

INDIANA AMERICAN WATER

Results of a customer affordability study conducted as part of the filing demonstrate that the affordability of the company's water and wastewater services as a comparison of monthly bills to monthly household income has steadily improved over the past decade and will remain affordable under the company's proposed rates.

Recognizing that affordability may still be an issue for some customers, the company is proposing a new rate design that provides 1,500 gallons of water usage at no additional cost above the fixed monthly customer charge for all water customers. The proposed change would provide relatively low-cost basic water service for customers on fixed incomes that use a lower volume of water than the typical residential customer.

The filing also includes a proposed Universal Affordability Tariff to provide multiple tiers of discounts to address the affordability needs of different levels of household income. Under the new rate structure, eligible households would receive monthly bill discounts of between 30 and 80 percent for water service.

The IURC’s rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public input hearings, and consumer advocacy organizations that participate in the proceedings. For more information on the company’s rate proposal and to find out what actions customers may take, visit us online at https://www.amwater.com/inaw/customer-service-billing/your-water-rates.

For customers facing a financial hardship, Indiana American Water offers payment plans and budget billing. Indiana American Water also provides information to customers about the Low-Income Household Water Assistance Plan (LIHWAP). More information can be found by clicking on the Low Income Program link under the Customer Service & Billing heading on the company’s website or by clicking here. For tips on how to reduce your water bill by conserving water, visit our Wise Water Use page at https://www.amwater.com/inaw/Water-Wastewater-Information/wise-water-use.

News Release

INDIANA AMERICAN WATER

About Indiana American Water
Indiana American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.4 million people.

About American Water
With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs approximately 6,500 dedicated professionals who provide regulated and regulated-like drinking water and wastewater services to an estimated 14 million people in 24 states. American Water provides safe, clean, affordable, and reliable water services to our customers to help keep their lives flowing. For more information, visit amwater.com and diversityataw.com. Follow American Water on Twitter, Facebook and LinkedIn.

AWK-IR

Media Contact:
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External Affairs Manager
Indiana American Water
317-885-2434
joe.loughmiller@amwater.com

# # #

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

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Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Adjustment Request by West Virginia-American Water Company

On May 1, 2023, West Virginia-American Water Company ("West Virginia American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"), announced that on May 1, 2023, it filed a request with the Public Service Commission of West Virginia (the "WVPSC") to adjust water and wastewater rates. The request seeks aggregate annualized incremental revenue of $44.9 million, excluding infrastructure surcharges of $6.9 million. The request is based on a proposed return on equity of 10.5% and a capital structure with an equity component of 52.8%. If approved by the WVPSC, the new rates would be expected to take effect on February 25, 2024, unless otherwise provided by the WVPSC.

A copy of the press release issued by West Virginia American Water on May 1, 2023, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the WVPSC with respect to the above-referenced request; (2) the timing of the implementation of new rates thereunder; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or West Virginia American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or West Virginia American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or West Virginia American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated May 1, 2023, issued by West Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 1, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

WEST VIRGINIA AMERICAN WATER

West Virginia American Water Submits Rate Request Driven by $340 Million in Investment; Proposes New Low-Income Tariff for Customers in Need

Charleston, W.Va. (May 1, 2023) – West Virginia American Water filed a rate adjustment request today with the Public Service Commission of West Virginia (PSC) reflecting approximately $340 million in water and wastewater system investments made from 2020 through February 2025 to continue providing safe and reliable service. The company continues to make needed investments to replace aging infrastructure, comply with water quality and environmental regulations and meet customers' water and wastewater service needs. If approved, new rates reflecting these investments would not go into effect until February 2024.

"This rate request provides for recovery of our investment from 2020 to present and seeks to facilitate future system investments into 2025," said Robert Burton, president of West Virginia American Water. "The rates established in our last request did not recognize more than $48 million in system investments we had made by the time those rates took effect. Today's filing seeks to remedy this investment recovery delay and to create long-term rate stability for our customers by accounting for the investment occurring throughout our water and wastewater systems."

Recognizing the needs of our most vulnerable customers, the company is proposing a new Low-Income Tariff as part of this filing. This expanded, four-tiered proposal will better tailor rates to different levels of household income. Under this expanded tariff, eligible households would receive monthly bill discounts of between 15 and 65 percent for water and wastewater service. In addition to the proposed tariff, the current Department of Health and Human Resources 20 percent discount program and other customer assistance programs would continue.

"As a company, we believe that the service we provide must be safe, complying with all Environmental Protection Agency regulations and Safe Drinking Water Act standards; reliable, demonstrating resiliency in the face of adverse conditions; and affordable," continued Burton. "With this in mind, we are pleased to expand our low-income options with our proposed tariff that will reduce rates for qualifying customers."

If West Virginia American Water's proposed rates are approved as requested in today's filing, the monthly water bill for the average residential customer using 3,000 gallons per month would increase approximately $15 per month after factoring in the current Distribution System Improvement Charge (DSIC) currently appearing on customer bills. The average residential wastewater bill of 3,000 gallons would increase approximately $19 per month. New rates will not take effect until February 2024, following a 300-day statutory review by the PSC.

Press Release

WEST VIRGINIA AMERICAN WATER

The PSC's rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public hearings, and consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to find out what actions customers may take, visit westvirginiaamwater.com and select "Your Water and Wastewater Rates" under the Customer Service menu.

About West Virginia American Water:
West Virginia American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water services to approximately 587,000 people.

About American Water:
With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs more than 6,500 dedicated professionals who provide regulated and regulated-like drinking water and wastewater services to more than 14 million people in 24 states. American Water provides safe, clean, affordable and reliable water services to our customers to help keep their lives flowing.

For more information, visit amwater.com and diversityataw.com. Follow American Water on Twitter, Facebook and LinkedIn.

AWK-IR

Media Contact:
Megan Hannah
Sr. Manager, Government and External Affairs
West Virginia American Water
Megan.Hannah@amwater.com
304-380-8455

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Missouri Public Service Commission (the "MoPSC") Approval of "Black Box" Settlement in Missouri-American Water Company, Inc. ("Missouri American Water") General Rate Case

On May 3, 2023, the MoPSC issued an order (the "Order") approving the March 3, 2023 joint "black box" settlement of the general rate case filed by Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Order approves a $44.3 million annualized increase in water and wastewater revenues, excluding $50.7 million in previously approved infrastructure surcharges. The new water and wastewater rates are expected to be effective by May 31, 2023. The original filing, made on July 1, 2022, requested a $105.1 million increase in annualized water and wastewater revenues, excluding $40.2 million in previously approved infrastructure surcharges. Subsequent to the original filing, Missouri American Water filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $50.7 million, and, in turn, the amount of the incremental annualized revenue in the general rate case decreased to $94.6 million.

The requested annualized revenue increase was driven primarily by $770 million of incremental capital investments since the 2021 general rate case. For purposes of the general rate case, Missouri American Water's view of its rate base is $2.3 billion, and its view as to its return on equity ("ROE") and long-term debt ratio (each of which is based on the Order but was not disclosed therein) is 9.75% and 50.0%, respectively, compared to an ROE of 9.55% and long-term debt ratio of 50.0%, each of which was based on Missouri American Water's view of its 2021 general rate case.

A copy of the press release issued by Missouri American Water on May 3, 2023 to announce the issuance of the MoPSC's order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated May 3, 2023, issued by Missouri American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 3, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

MISSOURI AMERICAN WATER

Missouri Public Service Commission Issues Rate Order Approving Settlement

Rate Review driven by $770 million in system improvements; settlement includes funding for customer assistance programs

ST. LOUIS, Mo. (May 3, 2023) – On May 3, 2023, the Missouri Public Service Commission (MoPSC) issued an order approving the rate settlement reached by parties in Missouri American Water's rate review for its water and wastewater operations. The company, the MoPSC Staff, the Office of the Public Counsel, the Midwest Energy Consumers Group, the City of St. Joseph, and Consumer's Council of Missouri signed on to the settlement. No parties involved in the rate review objected to the settlement.

"We are pleased the Missouri Public Service Commission approved the settlement, which was reached after working diligently with the parties to balance affordability with system investments," said Rich Svindland, president of Missouri American Water. "The settlement allows us to recover prudent investments in our treatment plants and pipelines that benefit customers by enhancing service, reliability, resiliency and water quality."

The rate review, which was filed in July 2022, included a request for recovery of nearly $770 million in water and wastewater system improvements from January 2021 to May 2023.

New rates are expected to take effect by the end of May 2023. Most residential water customers will see an increase of about $5 to $7 in their total monthly bill, while most wastewater customers will see an increase ranging from less than $1 to about $7 on their monthly bill, depending on the customer's service area.

The MoPSC also approved customer assistance funding.

"While a water bill is typically one of the lowest utility bills, we understand it's not the only bill that customers pay," said Svindland. "We are proud to continue our support for our H2O Help to Others customer assistance program and offer flexible options like installment plans and budget billing, and to help customers facing especially difficult circumstances like rehousing or a critical event."

Information on customer assistance programs can be found at missouriamwater.com > Customer Service and Billing > Payment Assistance Options. Customers in need are also encouraged to apply for the Low-Income Household Water Assistance Program, which is a temporary federal program that offers grants up to $750 to help with water and/or wastewater bills.

For more details on the company's rate review, visit missouriamwater.com > Customer Service and Billing > Water and Wastewater Rates.

Press Release

MISSOURI AMERICAN WATER

Missouri American Water
Missouri American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 1.5 million people. For more, visit missouriamwater.com and follow Missouri American Water on Twitter, Facebook and LinkedIn.

About American Water
With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs approximately 6,500 dedicated professionals who provide regulated and regulated-like drinking water and wastewater services to more than 14 million people in 24 states. American Water provides safe, clean, affordable and reliable water services to our customers to help keep their lives flowing. For more information, visit amwater.com and diversityataw.com. Follow American Water on Twitter, Facebook and LinkedIn.

AWK-IR

Media Contact:
Christie Barnhart
Senior Manager, External Communications
Cell: 417-529-9781
Christie.barnhart@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 4, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

Oral Comments to U.S. Environmental Protection Agency ("EPA") on Proposed PFAS National Primary Drinking Water Regulation Rulemaking

On May 4, 2023, Lynda B. DiMenna, Chief Environmental and Safety Officer of American Water Works Company, Inc. (the "Company"), provided at a public hearing oral comments to the EPA on its proposed PFAS National Primary Drinking Water Regulation Rulemaking. A copy of the prepared remarks from which Ms. DiMenna provided her oral comments has been included as Exhibit 99.1 hereto and is incorporated by reference herein.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Prepared Remarks to EPA on Proposed PFAS National Primary Drinking Water Regulation Rulemaking, by Lynda B. DiMenna, Chief Environmental and Safety Officer, American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 8, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

 Exhibit 99.1

Prepared Remarks to EPA on Proposed PFAS National Primary Drinking Water Regulation Rulemaking, by Lynda B. DiMenna, Chief Environmental and Safety Officer, American Water Works Company, Inc.

My name is Lynda DiMenna, and I am the Chief Environmental and Safety Officer for American Water, the largest publicly traded drinking water and wastewater provider in the U.S.

American Water supports the United States Environmental Protection Agency's (U.S. EPA) efforts to protect public health by proposing national drinking water standards for PFAS. These contaminants are among the multiple challenges the water industry faces regarding water quality, quantity, and reliability. That is why American Water remains committed to being a leader in the U.S. water and wastewater industry and a provider of solutions to these challenges.

While American Water has been anticipating and preparing for the rulemaking, our initial analyses were based on a federal PFAS standard more in line with the limits set by several states. We are now carefully reviewing the U.S. EPA's proposed drinking water regulation to assess the four (4) parts per trillion (ppt) requirements for PFOA and PFOS and the application of the Hazard Index approach for PFNA, PFBS, PFHxS, and GenX chemicals. Our review will inform the written comments that we will submit to the U.S. EPA by May 30.

This review includes the projected costs associated with PFAS treatment at the proposed limits and the impact it could have on customers' bills. Using the data and approach as presented in a recent study conducted by Black & Veatch on behalf of American Water Works Associations, the estimated national cost to install treatment facilities and processes to remove PFOA and PFOS to levels required by EPA's proposal exceeds $47 billion, which is approximately $35 billion above what would be required to meet current state established PFAS limits. Further, it will require, on a national basis, more than $700 million annually for operations and maintenance costs to test and monitor for compliance, which is approximately $500 million more than what would be required to meet current state-established PFAS limits. These dollar values are significantly higher than EPA's cost estimates.

Based on initial estimates, American Water will likely have more than 100 of our existing drinking water treatment facilities that will need to be upgraded to provide PFAS removal capability, a 3 to 4-fold increase in the number of treatment plants had the most stringent previously established state standards been adopted nationwide. Currently, we estimate an investment in excess of $1 billion of capital to install additional treatment facilities over a 3 to 5-year period. Additionally, we estimate annual operating expenses related to testing and treatment could be nearly $50 million in today's dollars. Again, these are preliminary estimates dependent upon multiple factors including the final rule and effective date, as well as our system-by-system engineering analyses.

The implementation timing should also consider the available capacity of engineers, contractors, and suppliers to build the required treatment and the available capacity of vendors to supply ion exchange resin, granular activated carbon, and media reactivation/waste disposal services on an ongoing basis.

American Water calls for sound policies that will ensure compliance by all water utilities – whether privately or municipally owned - while protecting customers and communities from the high cost of monitoring and mitigating PFAS. This includes advocating for policies that hold polluters accountable. American Water's operating utilities in most of our states are currently plaintiffs in the Multi-District Litigation against multiple PFAS manufacturers because we firmly believe that the ultimate responsibility for the cleanup of these contaminants should fall to those who created the problem.

American Water joins other water organizations urging the U.S. EPA, Congress, and other decision-makers to implement policies that will:

- keep harmful PFAS out of our drinking water supplies and our communities;
- exempt all water and wastewater systems from financial liability for PFAS under CERCLA;
- ensure all water and wastewater utility providers, regardless of ownership, have equal access to any and all Federal and/or state funding related to treating PFAS; and
- establish a permanent federally funded water and wastewater low-income customer assistance program.

Treating or removing contaminants in the water comes at a cost. To realize the health benefits of such, water utilities must have the financial resources to assure they can sustain the ongoing costs that will arise from constructing, operating, maintaining, and monitoring PFAS treatment systems for the safety and benefit of customers. States should treat these expenditures for regulated utilities as federally mandated requirements that are recoverable in customer rates through expedited means.

In conclusion, providing safe, reliable, and affordable water is American Water's business, and we look forward to working cooperatively and collaboratively with the U.S. EPA, Congress, regulators, and policymakers so that the implementation of these proposed water standards protects customers, communities, and the general public.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 10, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.07. Submission of Matters to a Vote of Security Holders.

The 2023 Annual Meeting of Shareholders (the "2023 Annual Meeting") of American Water Works Company, Inc., a Delaware corporation (the "Company"), was held on May 10, 2023. An aggregate of 170,112,461 shares, or 87.4% of the Company's issued and outstanding common stock as of March 17, 2023, the record date for the 2023 Annual Meeting, was represented in person or by proxy at the 2023 Annual Meeting, constituting a quorum. The results of voting at the 2023 Annual Meeting on each of the matters submitted to a vote of the Company's shareholders thereat is as set forth below.

1. The following ten nominees were elected as directors of the Company for a term expiring at the 2024 Annual Meeting of Shareholders, and until their successors are duly elected and qualified, and received the votes set forth adjacent to their names below:

Director Nominee	For	Against	Abstain	Broker Non-Votes
Jeffrey N. Edwards	148,700,633	5,916,921	117,888	15,377,019
Martha Clark Goss	146,785,266	7,834,084	116,092	15,377,019
M. Susan Hardwick	153,559,117	918,131	258,194	15,377,019
Kimberly J. Harris	148,560,052	6,070,618	104,772	15,377,019
Laurie P. Havanec	153,845,505	635,411	254,526	15,377,019
Julia L. Johnson	147,292,073	7,316,314	127,055	15,377,019
Patricia L. Kampling	149,455,024	5,176,774	103,644	15,377,019
Karl F. Kurz	151,269,097	3,346,778	119,567	15,377,019
Michael L. Marberry	153,415,544	1,056,242	263,656	15,377,019
Admiral James G. Stavridis	143,177,261	11,436,720	121,461	15,377,019

2. The shareholders approved, on an advisory basis, the compensation of the Company's named executive officers by the following vote:

For	Against	Abstain	Broker Non-Votes
144,753,012	9,575,720	406,710	15,377,019

3. The shareholders approved, on an advisory basis, the frequency of the approval, on an advisory basis, of the compensation of the Company's named executive officers, by the following vote:

Every Year	Every Two Years	Every Three Years	Abstain	Broker Non-Votes
152,220,671	209,153	2,111,290	194,328	15,377,019

Consistent with the results of this vote, the Company will continue to implement an annual vote, on an advisory basis, of the compensation of the Company's named executive officers, until the next required vote, on an advisory basis, on the frequency of such votes, which, pursuant to Section 14A(a)(2) of the Securities Exchange Act of 1934, as amended, will occur no later than the Company's 2029 Annual Meeting of Shareholders.

4. The ratification of the appointment, by the Audit, Finance and Risk Committee of the Board of Directors (the "Board"), of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2023, was approved by the following vote:

For	Against	Abstain
155,886,910	14,064,872	160,679

5. The following non-binding shareholder proposal was not approved by the following vote:

Shareholder Proposal	For	Against	Abstain	Broker Non-Votes
Racial Equity Audit	60,550,365	90,744,739	3,440,338	15,377,019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 12, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 1, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On November 1, 2023, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2023. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01. Regulation FD Disclosure.

The press release referenced in response to Item 2.02 above and included as Exhibit 99.1 hereto also discussed the Company's earnings per share guidance for 2023 and initiated earnings per share guidance for 2024, and provided certain other 2024 and long-term guidance with respect to the Company.

The presentation to be used in connection with the Company's third quarter 2023 earnings call has been included as Exhibit 99.2 and is incorporated by reference herein.

The information furnished in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated November 1, 2023, issued by American Water Works Company, Inc.
99.2*	American Water Works Company, Inc. Third Quarter 2023 Earnings Presentation
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 1, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

November 1, 2023

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
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AMERICAN WATER REPORTS STRONG THIRD QUARTER 2023 RESULTS
AFFIRMS 2023 GUIDANCE
ANNOUNCES 2024 EPS GUIDANCE AND CAPITAL INVESTMENT PLANS
AFFIRMS LONG-TERM GROWTH TARGETS

- **Third quarter 2023 earnings were $1.66 per share, compared to $1.63 per share in 2022; year-to-date 2023 earnings were $4.03 per share, compared to $3.70 per share in 2022**
  - **Quarter-to-date and year-to-date 2023 results reflect the favorable impact of an estimated $0.04 and $0.11 per share, respectively, from warm, dry weather; quarter-to-date and year-to-date 2022 results reflect the favorable impact of $0.06 per share from weather**
- **2023 earnings per share guidance range of $4.72 to $4.82 affirmed, on a weather-normalized basis**
- **Capital investment plan of $2.9 billion in 2023 on track**
- **Initiating 2024 earnings per share guidance range of $5.10 to $5.20 and 2024-2028 capital plan; affirming long-term targets, including long-term EPS and dividend per share compounded annual growth rates (CAGRs) of 7-9%**

CAMDEN, N.J., November 1, 2023 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended September 30, 2023, of $1.66 per share, compared to $1.63 per share for the same quarter in 2022, and $4.03 per share for the year-to-date period ended September 30, 2023, compared to $3.70 per share for the same period in 2022.

“The company has delivered excellent results to date in 2023 as we continue to successfully navigate this macroeconomic environment,” said M. Susan Hardwick, president and CEO of American Water. “We are certainly pleased we completed our 2023 financing objectives in the first half of the year, reducing our market-related pricing and execution risk.”

“With a business that is essentially a fully regulated operation and a strategy that is focused on execution, we are confident in our ability to continue to deliver on our near-term and long-term growth and capital plans, which include additional capital related to PFAS treatment,” said Hardwick.

2023 EPS Guidance Affirmed

The company affirms its 2023 earnings per share guidance range of $4.72 to $4.82, on a weather-normalized basis. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

2024 Earnings Guidance and Long-Term Financial Targets

- 2024 earnings guidance range of **$5.10 to $5.20 per share established**
- Long-term EPS CAGR of **7-9% remains unchanged**
  - Long-term **rate base growth** expectation of **8-9%** (including acquisitions) **remains unchanged**
  - **Expectation** of customer additions through acquisition at CAGR of **2% established**
- Long-term dividend per share CAGR expectation of **7-9% remains unchanged**
- **Established** capital investment plan of **$16-$17 billion** for 2024-2028 and **$34-$38 billion** for 2024-2033
  - 2024 capital investment plan of **$3.1 billion**

Consolidated Results

For the three and nine months ended September 30, 2023, earnings per share were $1.66 and $4.03, respectively, compared to $1.63 and $3.70 per share in the same periods in 2022. These increases were primarily driven by the implementation of new rates in the Regulated Businesses for the recovery of capital and acquisition investments, offset somewhat by increased production costs, including inflationary pressures since mid-2022, and higher pension costs. Approximately 75% of the estimated impact of increased production costs, including chemicals, power and other fuel, and higher pension costs, are reflected in higher revenues in 2023 from rate cases recently completed. Results for the three and nine months ended September 30, 2023, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.11 per share, respectively. Results for the three and nine months ended September 30, 2022, reflect the net favorable impact of weather compared to normal, estimated at $0.06 per share. Results for the three and nine months ended September 30, 2023, also reflect the impact of share dilution from the equity financing of $0.12 and $0.22 per share, respectively, roughly equivalent to avoided interest expense.

The company is on track to meet its capital investment plan for the year with investments of $1.8 billion in the first nine months of 2023, including $1.77 billion for infrastructure improvements and replacements in the Regulated Businesses. The company plans to invest a total of approximately $2.9 billion across its footprint in 2023, including approximately $0.4 billion for acquisitions. As of September 30, 2023, the company had $611 million of acquisitions under agreement, including the wastewater assets of the Butler Area Sewer Authority in Pennsylvania for an amended purchase price of $230 million that the company expects to close yet this year, and the wastewater treatment plant from Granite City, Illinois for an amended purchase price of $86 million that the company expects to close around year-end, pending each acquisition's regulatory approval.

Regulated Businesses

In the third quarter of 2023, the Regulated Businesses' net income was $331 million, compared to $302 million for the same period in 2022. For the first nine months of 2023, the Regulated Businesses' net income was $783 million, compared to $681 million for the same period in 2022.

Operating revenues increased $92 million and $314 million for the three and nine months ended September 30, 2023, respectively, as compared to the same periods in 2022. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

To date, the company has been authorized additional annualized revenues of $273 million from general rate cases in 2023. Further, $86 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective in 2023. The company has general rate cases in progress in five jurisdictions, and has filed for infrastructure surcharges in one jurisdiction, reflecting a total annualized revenue request of $194 million.

Operation and maintenance ("O&M") expenses were higher by $13 million and $52 million for the three and nine months ended September 30, 2023, respectively, as compared to the same periods in 2022, primarily due to increases in production costs, including from inflationary pressures, that began to accelerate in mid-2022. Pension non-service costs, included in Other Income/Expense, were also higher in the quarter and year-to-date periods. Depreciation expense was higher by $13 million and $42 million in the same periods, respectively, due to the growing capital investment.

For the 12-month period ended September 30, 2023, the company's adjusted regulated O&M efficiency ratio (a non-GAAP financial measure) was 32.6%, compared to 33.6% for the 12-month period ended September 30, 2022. The ratio reflects an increase in operating revenues for the Regulated Businesses, after considering the adjustment for the amortization of the excess accumulated deferred income taxes ("EADIT") shown in the table below, as well as the continued focus on operating costs.

Dividends

On October 31, 2023, the company's Board of Directors declared a quarterly cash dividend payment of $0.7075 per share of common stock, payable on December 1, 2023, to shareholders of record as of November 14, 2023.

2023 Third Quarter Earnings Conference Call

The conference call to discuss third quarter 2023 earnings, 2024 earnings guidance, and long-term targets will take place on Thursday, November 2, 2023, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

Non-GAAP Financial Measures

This press release includes a presentation of adjusted regulated O&M efficiency ratio, a "non-GAAP financial measure" under SEC rules, which excludes from its calculation estimated purchased water revenues and purchased water expenses, reductions for the amortization of EADIT, and the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. These items were excluded from the O&M efficiency ratio calculation as they do not reflect management's ability to increase the efficiency of the Regulated Businesses. This item is derived from American Water's consolidated financial information but is not presented in its financial statements prepared in accordance with GAAP. This non-GAAP financial measure supplements and should be read in conjunction with the company's GAAP disclosures and should be considered as an addition to, and not a substitute for, any GAAP measure.

Management evaluates its operating performance using this ratio and believes that this non-GAAP financial measure is useful to the company's investors because it directly measures improvement in the operating performance and efficiency of the company's Regulated Businesses. The company's adjusted regulated O&M efficiency ratio (i) is not an accounting measure that is based on GAAP; (ii) is not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this press release.

Set forth in this release is a table that calculates the company's adjusted regulated O&M efficiency ratio and reconciles each of the components used to calculate this ratio to the most directly comparable GAAP financial measure.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formerly Twitter) and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2023 and 2024 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions.

These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2022, 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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means; 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; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the company's Military Services Group entering into new military installation contracts, price redeterminations and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's Homeowner Services Group ("HOS"), including the company's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to the company under the seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations; 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 potential proceedings with respect to water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues	$ 1,167	$ 1,082	$ 3,202	$ 2,861
Operating expenses:				
Operation and maintenance	436	416	1,248	1,156
Depreciation and amortization	177	164	523	485
General taxes	76	63	227	208
Other	—	—	(1)	—
Total operating expenses, net	689	643	1,997	1,849
Operating income	478	439	1,205	1,012
Other (expense) income:				
Interest expense	(117)	(111)	(342)	(317)
Interest income	23	14	52	39
Non-operating benefit costs, net	9	19	26	58
Other, net	14	6	37	38
Total other (expense) income	(71)	(72)	(227)	(182)
Income before income taxes	407	367	978	830
Provision for income taxes	84	70	205	157
Net income attributable to common shareholders	$ 323	$ 297	$ 773	$ 673
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.66	$ 1.63	$ 4.03	$ 3.70
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.66	$ 1.63	$ 4.03	$ 3.70
Weighted-average common shares outstanding:				
Basic	195	182	192	182
Diluted	195	182	192	182

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2023	December 31, 2022
ASSETS		
Property, plant and equipment	$ 31,397	$ 29,736
Accumulated depreciation	(6,709)	(6,513)
Property, plant and equipment, net	24,688	23,223
Current assets:		
Cash and cash equivalents	628	85
Restricted funds	33	32
Accounts receivable, net of allowance for uncollectible accounts of $53 and $60, respectively	382	334
Income tax receivable	54	114
Unbilled revenues	318	275
Materials and supplies	111	98
Other	278	312
Total current assets	1,804	1,250
Regulatory and other long-term assets:		
Regulatory assets	1,039	990
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	86	82
Goodwill	1,143	1,143
Other	338	379
Total regulatory and other long-term assets	3,326	3,314
Total assets	$ 29,818	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2023	December 31, 2022
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,119,751 and 187,200,539 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,541	6,824
Retained earnings	1,764	1,267
Accumulated other comprehensive loss	(22)	(23)
Treasury stock, at cost (5,414,867 and 5,342,477 shares, respectively)	(388)	(377)
Total common shareholders' equity	9,897	7,693
Long-term debt	11,698	10,926
Redeemable preferred stock at redemption value	3	3
Total long-term debt	11,701	10,929
Total capitalization	21,598	18,622
Current liabilities:		
Short-term debt	—	1,175
Current portion of long-term debt	492	281
Accounts payable	228	254
Accrued liabilities	605	706
Accrued taxes	82	49
Accrued interest	124	91
Other	212	255
Total current liabilities	1,743	2,811
Regulatory and other long-term liabilities:		
Advances for construction	340	316
Deferred income taxes and investment tax credits	2,632	2,437
Regulatory liabilities	1,478	1,590
Operating lease liabilities	74	70
Accrued pension expense	201	235
Other	213	202
Total regulatory and other long-term liabilities	4,938	4,850
Contributions in aid of construction	1,539	1,504
Commitments and contingencies		
Total capitalization and liabilities	$ 29,818	$ 27,787

American Water Works Company, Inc. and Subsidiary Companies
Adjusted Regulated Operation and Maintenance Efficiency Ratio (A Non-GAAP, unaudited measure)

(Dollars in millions)	For the Twelve Months Ended September 30, 2023	2022
Total operation and maintenance expenses	$ 1,681	$ 1,647
Less:		
Operation and maintenance expenses—Other	284	315
Total operation and maintenance expenses—Regulated Businesses	1,397	1,332
Less:		
Regulated purchased water expenses	156	153
Allocation of non-operation and maintenance expenses	23	32
Adjusted operation and maintenance expenses—Regulated Businesses (i)	$ 1,218	$ 1,147
Total operating revenues	$ 4,133	$ 3,812
Less:		
Operating revenues—Other	315	338
Total operating revenues—Regulated Businesses	3,818	3,474
Less:		
Regulated purchased water revenues (a)	156	153
Revenue reductions from the amortization of EADIT	(75)	(92)
Adjusted operating revenues—Regulated Businesses (ii)	$ 3,737	$ 3,413
Adjusted O&M efficiency ratio—Regulated Businesses (i) / (ii)	32.6%	33.6%

(a) The calculation assumes regulated purchased water revenues approximate regulated purchased water expenses.

Exhibit 99.2

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2023 Third Quarter Earnings & 2024 Outlook Conference Call

November 2, 2023

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Aaron Musgrave

Vice President, Investor Relations

Forward-Looking Statements

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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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, as filed with the SEC on November 1, 2023.

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.

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M. Susan Hardwick

President and Chief Executive Officer

Strong 2023 Results: Executing the Plan

EPS Growth Driven by Regulatory Execution, Favorable Weather

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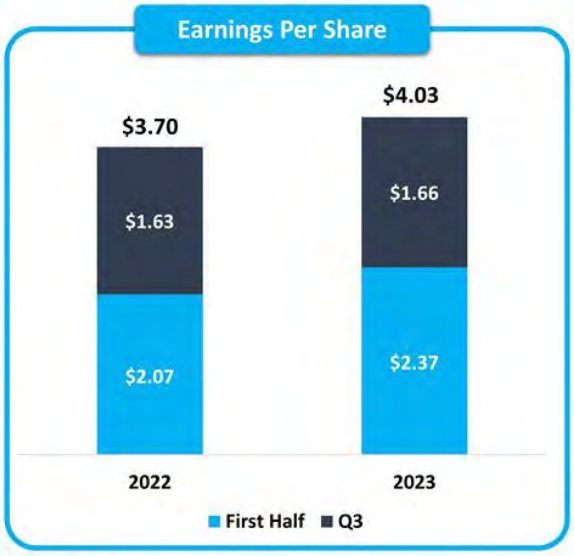

2023 YTD Highlights

- ✓ 2023 includes new rates effective in PA, IL, VA and MO; cases filed in IN, WV, KY and VA; CA case proceeding as expected
- ✓ Invested approx. $1.8 billion in infrastructure
- ✓ $611M of acquisitions under agreement as of September 30
- ✓ Issued approx. $1.7 billion in common stock in March and $1.0 billion in exchangeable senior notes in June, due 2026
- ✓ 2021-2022 Sustainability Report published in July
- ✓ Q3 and YTD 2023 EPS of $1.66 and $4.03 driven by higher revenue on increased rate base and favorable impact due to weather of ~$0.04 and ~$0.11, respectively

Initiating 2024 EPS Guidance of $5.10 to $5.20

Long-Term Targets Affirmed

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EPS GROWTH OUTLOOK

Long-Term Financial Targets

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

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Cheryl Norton

Executive VP & Chief Operating Officer

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

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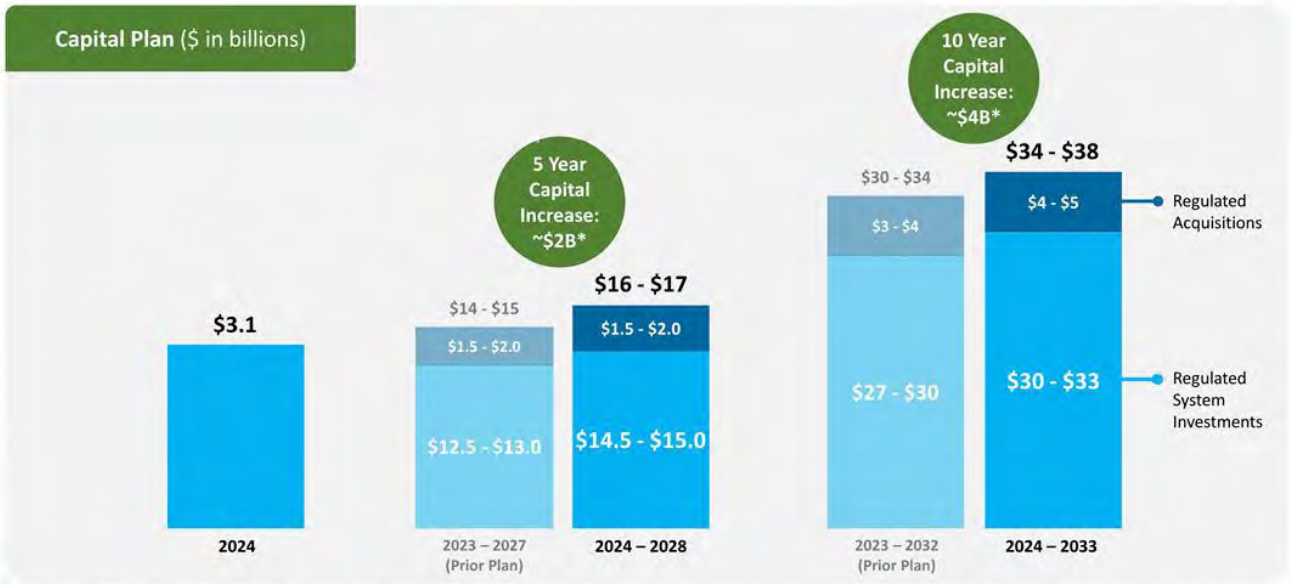

*Includes ~$1 billion of cap ex related to PFAS

Review of 2024-2028 Capital Investment Plan

Includes $1B for Treatment of PFAS at EPA's Proposed New Levels

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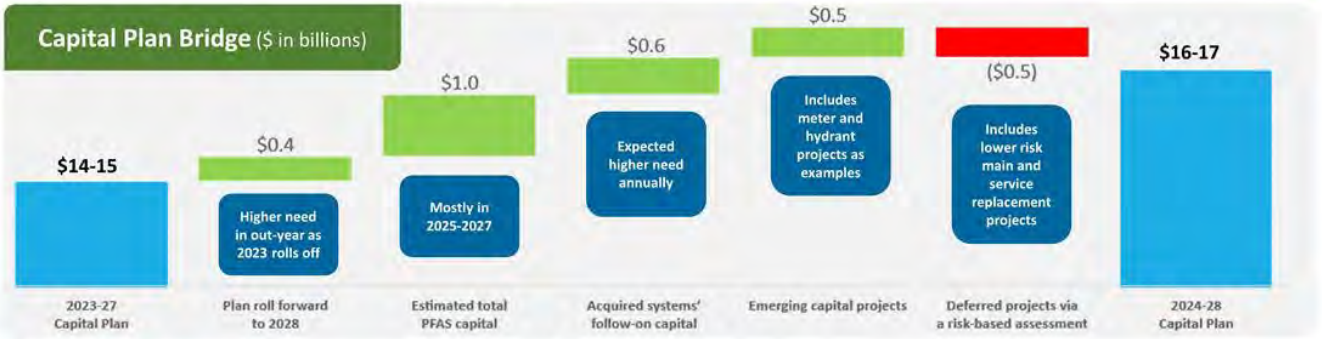
Federal PFAS Rule Recap

- March 2023: The United States EPA proposed drinking water standards for six PFAS
- American Water estimates **~$1 billion of capital over a 3 to 5-year** period, mostly in 2025-2027, will be needed to comply with the rule as proposed, plus ~$50 million annually for operating expenses
- American Water is currently part of Multi-District Litigation against multiple PFAS manufacturers to support our view that the ultimate responsibility for the cleanup of these contaminants should fall to the polluters



General Rate Case and Regulatory Updates

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Rate Cases in Progress

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

Indiana American Water
- Rate case filed 3/31/23
- Capital Investment of ~$875 million
- Rates expected to be effective over three steps beginning Jan. 2024, May 2024, and May 2025

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

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

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

Completed Rate Cases in 2023

Virginia American Water
- General Rate Case
- Additional authorized revenues of $11 million
- Effective 4/24/23

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

Other Regulatory Updates

- On June 29, the California CPUC issued a decision on the cost of capital application authorizing an 8.98% ROE with an equity component of 57.04%.
- On June 30, California American Water filed a request to seek a 52 basis point increase to California American Water's ROE for 2023, which was approved on July 25, increasing the ROE to 9.50%, effective July 31.
- On October 16, California American Water filed a request to increase the ROE to 10.2%, effective January 1, 2024, subject to a 30-day review period.
- On October 10, 2023, the Monterey Peninsula Water Management District (MPWMD) adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Company's Monterey, California water system assets.
  - While the Company cannot currently predict the outcome of any such lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems, California American Water should be able to defend itself successfully against an eminent domain lawsuit by the MPWMD.

Continued Focus on Customer Affordability

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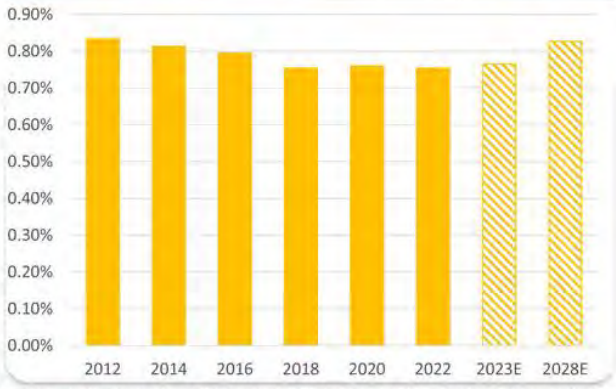
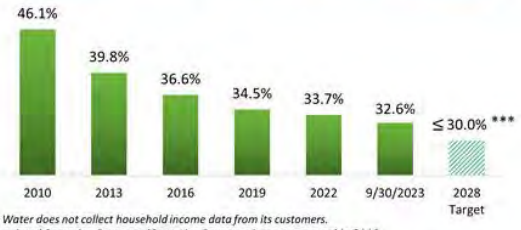
Monthly Water Bill as % of Median Household Income*



Values around Affordability

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

Regulated O&M Efficiency Ratio**



** Figure is estimated based on data from the US Census Bureau American Community Survey based on zip codes served by American Water. American Water does not collect household income data from its customers.*
*** Non-GAAP Measure – O&M Efficiency Ratio = Adjusted Regulated O&M Expenses (O&M Expenses is most comparable GAAP measure) / Adjusted Regulated Operating Revenues (Operating Revenues is most comparable GAAP measure). This calculation assumes purchased water revenues approximate purchased water expenses.*
**** A reconciliation to a most comparable forward-looking GAAP measure is not available without unreasonable effort*

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John Griffith

Executive VP & Chief Financial Officer

Summary of YTD 2023 Results

Affirming 2023 EPS Guidance of $4.72 to $4.82 (weather-normalized)

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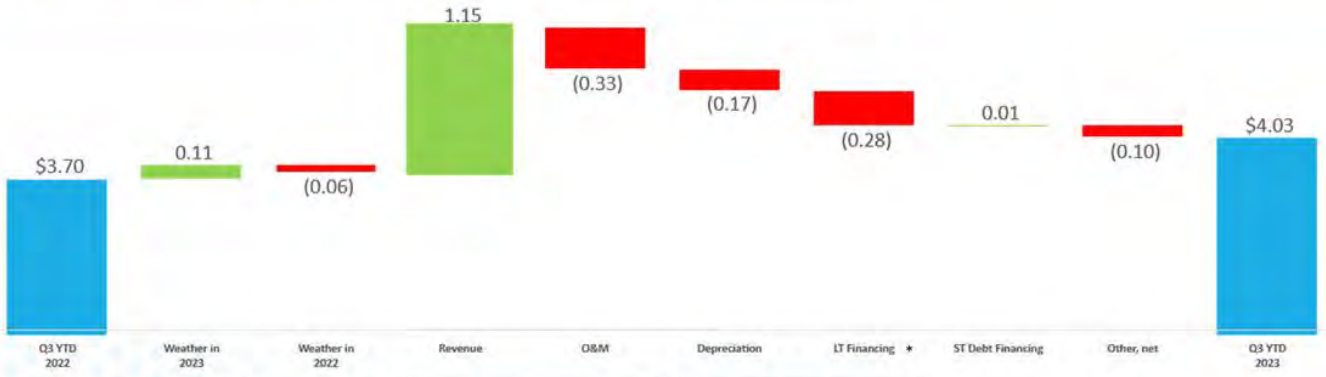
2023 Growth Drivers

- Revenue growth from infrastructure investments
- New rates mitigating the majority of inflationary cost increases and higher pension costs
- Regulated acquisitions also driving revenue growth

2023 Headwinds

- Elevated chemical costs through Q3, seeing signs of leveling off
- Higher interest rate environment



*Includes $(0.22) of share count dilution.

Investments Drive Continued Rate Base Growth

Foundational to Overall Growth

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Regulated Capital Investments (Includes Acquisitions)
$ in billions

Estimated Rate Base* (Includes Acquisitions)
$ in billions

~8-9% CAGR for Rate Base

Note: annual rate base totals include New York American Water through 2021. New York's 2021 rate base was $0.5 billion.
** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

Strong Outlook for Acquisitions

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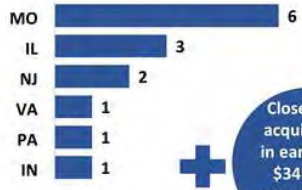
Closed
As of September 30, 2023

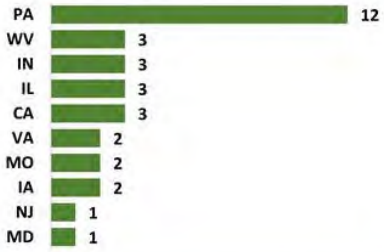
~7,900 Customer Connections
14 Acquisitions in 6 States, $36M



Closed two acquisitions in early Oct.; $34M, 8K connections (WV, NJ)

Under Agreement
As of September 30, 2023

~88,100 Customer Connections
32 Acquisitions in 10 States, $611M



Butler Area Sewer Authority, PA
Wastewater

- Amended $230 million purchase price
- ~14,700 equivalent customer connections
- Expected to close by the end of 2023, pending regulatory approval.

Granite City, IL
Wastewater

- Amended $86 million purchase price
- ~26,000 equivalent customer connections
- Expected to close around year-end 2023, pending regulatory approval.

~1.3 Million Customer Connections in Pipeline

Sign Purchase Agreement → Receive Appraisals and Pursue Regulatory Approvals → Close Transaction, with Customers Billed at their Historical or Modified Rates → Upon Next Rate Case, Move Customers onto Applicable AW Utility Rates

Regulated Acquisitions: Typical Fair Market Value Process

Considerations for 2024 Outlook

Initiating 2024 EPS Guidance of $5.10 to $5.20

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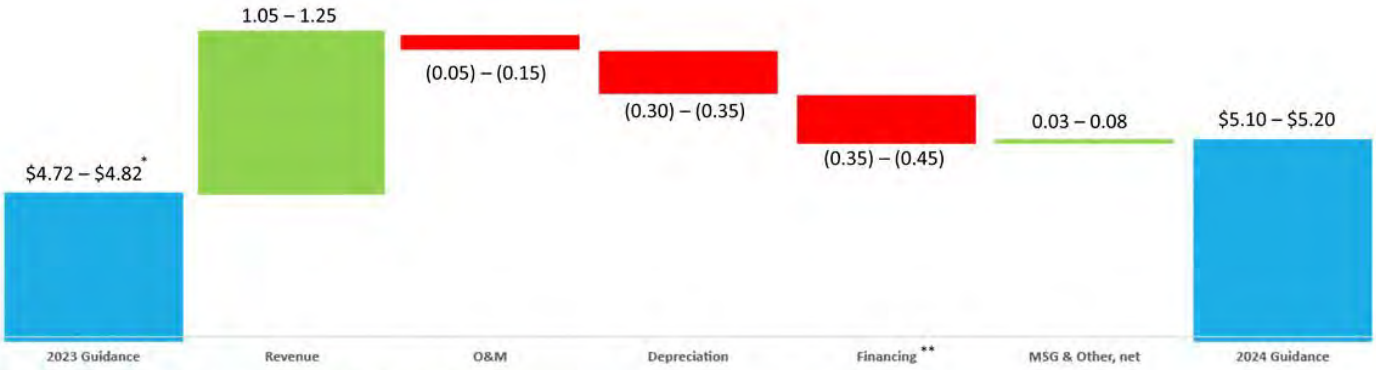
2024 Growth Drivers

- Revenue growth in base rates and in infrastructure mechanisms from capital investments
- Regulated acquisitions also driving revenue growth
- Limited additional share dilution and limited additional inflationary cost pressure



** Excludes weather of $0.11 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3 2023)*
*** Reflects ($0.06) per share of share count dilution*

Financing the 2024-2028 Capital Investment Plan

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($ in millions)

Prior Plan: 2023-2027	
Operating Cash Flows	$10,100
Incremental Debt Financing	$5,300
Equity Issuance	*$2,000
Sale Proceeds (HOS)	$720

New Plan: 2024-2028	
Operating Cash Flows	$12,000
Incremental Debt Financing	$7,000
Equity Issuance	$1,000
Sale Proceeds (HOS)	$720

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

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

Continued Strong Balance Sheet and Credit Ratings

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AWK Long-Term Senior Unsecured Ratings

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

Ratings and Stable Outlook affirmed at S&P / Moody's (Feb. '23/Dec. '22)

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

Total Debt to Total Capital

As of September 30, 2023	Long-Term Target
54%	<60%

Note: Percentage shown is net of cash and cash equivalents of $628 million.

Consolidated Debt Maturity Profile

as of September 30, 2023 (Rounded)

($ in millions)

Liquidity Profile

($ in millions, rounded)

Credit Facility

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

**Proceeds of $720 million from the note related to the sale of HOS are due to the Company in December 2026*

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M. Susan Hardwick

President and Chief Executive Officer

Strong and Sustainable Growth Outlook for Future

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** Future dividends are subject to approval of the American Water Board of Directors.*

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Q&A Session

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AMERICAN WATER

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Kelley Uyeda
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Upcoming Events

EEI Financial Conference November 12-14, 2023

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Appendix

Forward-Looking Statements

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Certain statements made, referred to or relied upon in this presentation including, without limitation, with respect to 2023 and 2024 earnings guidance, the Company's long-term financial, growth and dividend targets, the ability to achieve the Company's strategies and goals, customer affordability and acquired customer growth, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures, and the amount and timing of estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, 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, 2022, 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; changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means; 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; the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers; the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations; the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the Company's Military Services Group entering into new military installation contracts, price redeterminations and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the Company's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to the Company under the seller note when due and the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the Company's operations; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's ability to maintain safe work sites; the Company's exposure to liabilities related to environmental laws and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates and the Company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations; 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 potential proceedings with respect to the water system assets of the Company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this presentation. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

Non-GAAP Financial Information

AMERICAN WATER

This presentation includes adjusted regulated O&M efficiency ratios, both historical and forward-looking, which exclude from their calculation (i) estimated purchased water and other revenues and purchased water expenses, (ii) the impact of the Freedom Industries chemical spill in 2014 and certain related settlement activities recognized in 2016 and 2018, (iii) the estimated impact in 2012 and 2014 of weather, (iv) as to operating revenues, the amortization of excess accumulated deferred income taxes, and (v) the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. Also, an alternative presentation of these ratios has been provided for each of 2010, 2012, 2014 and 2016, which includes a pro forma adjustment for the impact of the Tax Cuts and Jobs Act of 2017, and includes for 2012, 2014 and 2016 the impact of our implementation of Accounting Standards Update 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit, on January 1, 2018. These items were excluded from the O&M efficiency ratio calculation as they are not reflective of management's ability to increase the efficiency of our regulated businesses. For that reason, these adjusted regulated O&M efficiency ratios constitute "non-GAAP financial measures" under SEC rules. We evaluate our operating performance using these ratios and believe that the presentation of them is useful to investors because the ratios directly measure improvement in the operating performance and efficiency of our regulated businesses. These ratios are derived from our consolidated financial information but are not presented in our consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures supplement and should be read in conjunction with our GAAP disclosures and should be considered as an addition to, and not a substitute for, any GAAP measure. These ratios (i) are not accounting measures based on GAAP; (ii) are not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this presentation. Management is unable to present a reconciliation of adjustments to the components of the forward-looking adjusted regulated O&M efficiency ratio without unreasonable effort because management cannot reliably predict the nature, amount or probable significance of all the adjustments for future periods; however, these adjustments may, individually or in the aggregate, cause each of the non-GAAP financial measure components of the forward-looking ratios to differ significantly from the most directly comparable GAAP financial measure.

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

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

Details of Third Quarter 2023 EPS

*Reflects $(0.12) per share of share count dilution, which also offsets the amount of avoided interest expense.

Details of Estimated Rate Base

AMERICAN WATER

($ in billions)

Estimated Rate Base*

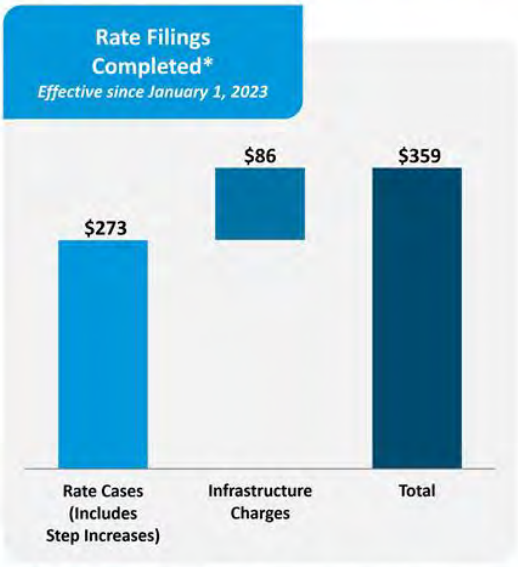
	As of 9/30/2023
Net Utility Plant	$24.6
Less	
Advances for Construction	$0.3
CIAC – Contributions in Aid of Construction	$1.5
Net Deferred Income Taxes	$3.8
	$5.6
Total Estimated Rate Base	**$19.0**

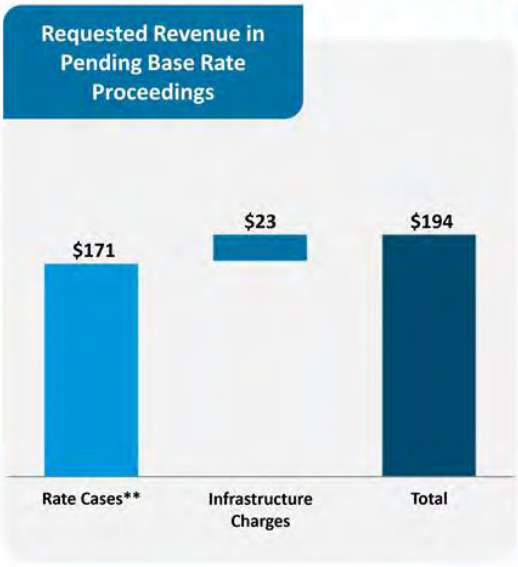
** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

Rate Filings Summary

AMERICAN WATER

($ in millions)



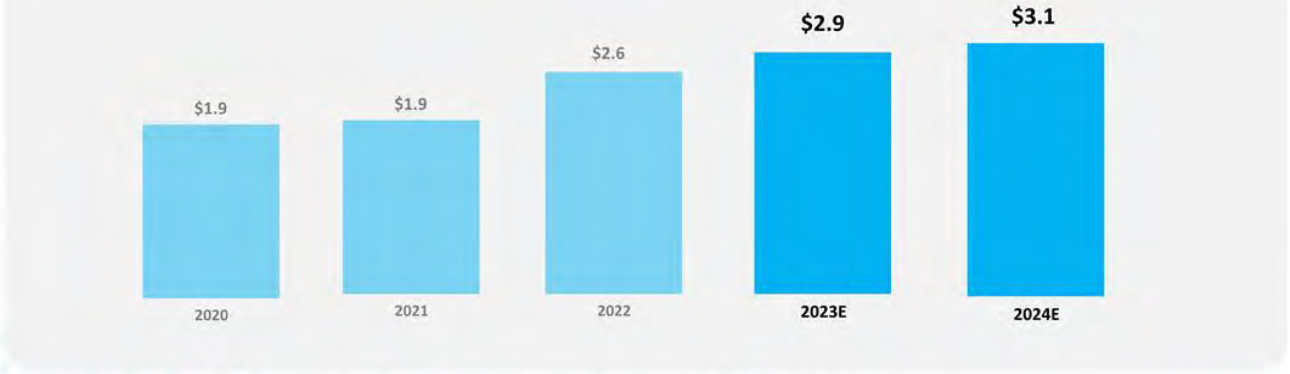


* Annualized revenue increase for rates effective since January 1, 2023
** Excludes revenue already approved through infrastructure mechanisms

Increased Investments to Support System Needs

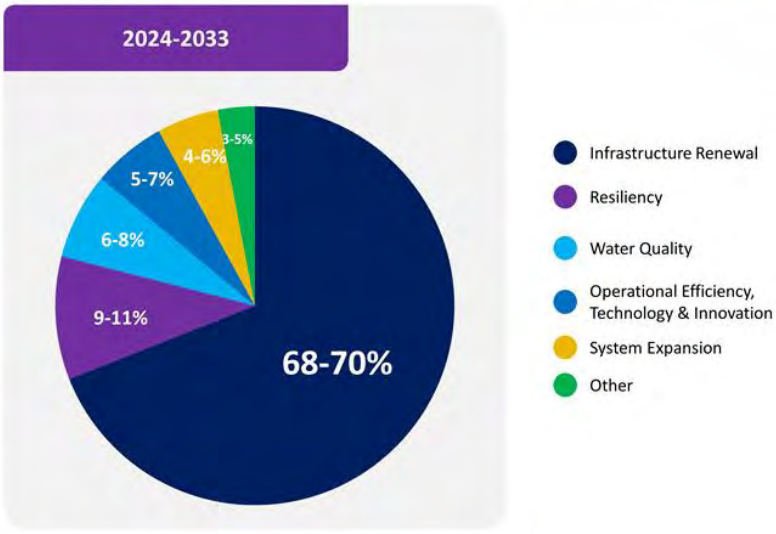
AMERICAN WATER

Capital Plan
(Includes Acquisitions)
$ in billions



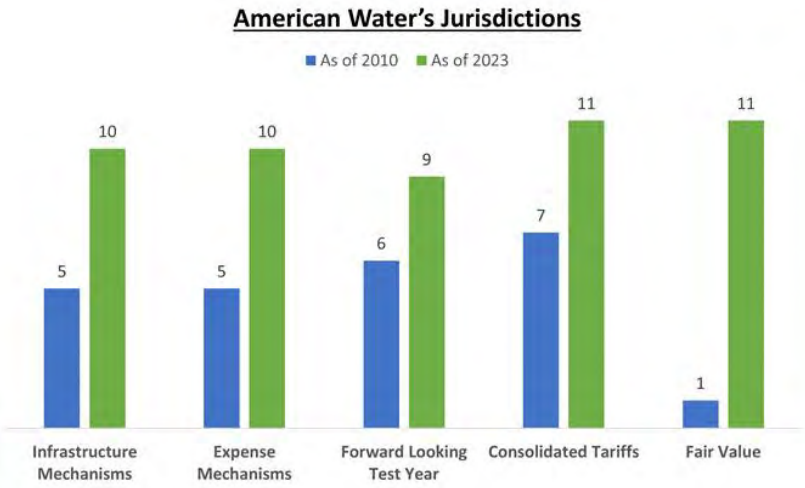
Regulated Capital Expenditures by Purpose

AMERICAN WATER



Timely Recovery of Capital and Operating Costs

AMERICAN WATER



State Legislation & Regulation Enable Growth

AMERICAN WATER

Fair Value 11

CA	MO
IA	NJ
IL	PA
IN	VA
KY	WV
MD	

Consolidated Tariffs 11

CA	MO
IA	NJ
IL	PA
IN	VA
KY	WV
MD	

Forward Looking Test Year 9

CA	KY
HI	PA
IA	TN
IL	VA
IN	

Infrastructure Mechanisms 10

IA	NJ
IL	PA
IN	TN
KY	VA
MO	WV

Water Quality Accountability Legislation 3

IN, MO, NJ

Successfully Completed 2023 Financing Plan

AMERICAN WATER

- Executed on our plan to issue a significant portion of expected $2B of equity need in Five-Year Plan (2023-2027)
- Successfully completed our long-term debt financing for the year with issuance of Exchangeable Senior Notes
- ***Both issuances demonstrate proactive execution in a challenging market environment to fund growth and manage financing costs for the benefit of customer affordability and shareholder value***

~$1.7 Billion Common Stock Issuance

Closing Date	March 3, 2023
Size	12,650,000 Shares
Public Offering Price	$135.50/Share
Use of Proceeds	Repaid outstanding commercial paper obligations and for general corporate purposes

~$1.0 Billion Exchangeable Senior Notes due 2026

Interest Rate	3.625% per year
Conversion Premium	~22.5%
Settlement	Cash, up to the aggregate principal amount *(remaining value, if any, settled in cash, shares, or combination of cash/shares, at AWCC's election)*
Use of Proceeds	Repaid outstanding commercial paper obligations and for general corporate purposes

Closed Acquisitions

AMERICAN WATER

September 30, 2023

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Missouri	6	900	800	1,700
Illinois	3	1,300	1,300	2,600
New Jersey	2	1,600	1,400	3,000
Indiana	1	200	-	200
Pennsylvania	1	100	-	100
Virginia	1	300	-	300
Total	14	4,400	3,500	7,900

Acquisitions Under Agreement

AMERICAN WATER

September 30, 2023

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	12	7,700	29,600	37,300
West Virginia	3	3,700	900	4,600
Indiana	3	-	8,100	8,100
Illinois	3	500	26,400	26,900
California	3	1,300	-	1,300
Virginia	2	1,400	1,300	2,700
Missouri	2	700	700	1,400
Iowa	2	200	100	300
New Jersey	1	-	3,800	3,800
Maryland	1	1,700	-	1,700
Total	32	17,200	70,900	88,100

Rates Effective Since...

AMERICAN WATER

January 1, 2023

($ in millions)

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

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

a) The Company's Illinois subsidiary was authorized additional annualized revenues of $67.1 million, excluding reductions in revenues for infrastructure surcharges in the amount of $18.3 million.
b) The Company's Pennsylvania subsidiary was authorized additional annualized revenues of $138 million, excluding reductions in revenues for infrastructure surcharges in the amount of $24.3 million.
c) On April 24, 2023, the Company's Virginia subsidiary was authorized additional annualized revenues of $10.75 million. Interim rates were effective May 1, 2022, and the difference between interim and final Commission approved rates are subject to refund with interest within 90-days of the date of the Order.
d) The Company's Missouri subsidiary was authorized additional annualized revenues of $44.3 million, excluding reductions in revenues for infrastructure surcharges in the amount of $50.7 million.
e) The Company's Indiana subsidiary was authorized additional annualized revenues of $5.5 million, 80% of which will be collected now, the remaining 20% will be collected in the next rate case, with carrying costs.

Pending Rate Case Filings

AMERICAN WATER

($ in millions)

Rate Cases Filed	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
California [a]	Case No. A.22-07-001	7/1/2022	$37	NA	$921
Indiana [b]	Cause No. 45870	3/31/2023	43	10.60%	1,614
West Virginia [c]	Docket No. 23-0383-W-42T	5/1/2023	45	10.50%	955
Kentucky [d]	Case No. 2023-00191	6/30/2023	26	10.75%	588
Virginia [e]	TBD	11/1/2023	20	10.95%	364
		Sub-Total	$171		$4,442
Infrastructure Surcharges Filed					
Missouri (WSIRA)	Case No. WO-2023-0427	9/1/2023	$23		$212
		Sub-Total	$23		$212
		Total	$194		$4,654

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

b) The Company's Indiana subsidiary has requested additional annualized revenues of $43.2 million for Step 1 proposed to effective Jan 2024, this excludes the $40.5 million for infrastructure surcharges. This excludes the proposed step 2 and 3 rate increase proposed to be effective in May 2024 and May 2025 in the amount of $18.1 million and $25.4 million, respectively. The total revenue requirement request, based on present rates effective at the time of filing, for the three step rate case cycle is $86.7 million.

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

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

e) The Company's Virginia subsidiary has requested additional annualized revenues of $19.7 million. Interim rates will be effective May 1, 2024, with the difference between interim and final Commission approved rates subject to refund.

Regulatory Information – Top 10 States

AMERICAN WATER

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	$667,632[g]	$1,642,200	$1,182,170	$443,654	$2,318,849[c]
ROE	9.50%[a]	9.78%	9.80%	9.70%	9.75%[d]
Equity	57.04%[a]	49.00%	53.41%[b]	48.90%	50.00%[e]
Effective Date of Rate Case	1/1/2021[g]	1/1/2023	5/1/2020	6/28/2019	5/28/2023

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

**Rate Base stated in $000s*

a) On June 29, 2023, Decision 23-06-025 set the authorized cost of capital through 2024. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding. The decision established an ROE of 8.98% effective 30-days after the decision date. On June 30, 2023, the Company filed to implement an automatic ROE adjustment to 9.50% for 2023 based on the Commission approved Water Cost of Capital Adjustment Mechanism (WCCM), which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, California American Water filed a request to increase the ROE to 10.2%, effective January 1, 2024, subject to a 30-day review period.
b) The Authorized Equity excludes cost-free items or tax credit balances at the overall rate of return which lowers the equity percentage as an alternative to the common practice of deducting such items from rate base.
c) The Authorized Rate Base listed is the Company's view of the Rate Base allowed in the case; the Rate Base was not disclosed in the Order or the applicable settlement agreement.
d) The ROE is the Company's view of the ROE allowed in the case; however, the ROE was not disclosed in the Order or the applicable settlement agreement.
e) The equity ratio listed is the Company's view of the equity ratio allowed in the case; the actual equity ratio was not disclosed in the Order or the applicable settlement agreement.
f) Interim rates were effective May 1, 2022 and received final Order April 24, 2023.
g) The Rate Base and Effective date are based off of Year 1 of the rate case. Annual adjustments are made for Year 2 and 3 which reflect authorized capital improvements for Rate Base and inflationary adjustments for O&M.

Reconciliation Table:
Regulated Segment O&M Efficiency Ratio

AMERICAN WATER

Regulated Segment O&M Efficiency Ratio (A Non-GAAP Unaudited Number) ($ in millions)	FY 2010	FY 2013	FY 2016	FY 2019	FY 2022	LTM 9/30/2023
Total operations and maintenance expense	$1,291	$1,289	$1,504	$1,544	$1,589	$1,681
Less:						
Operations and maintenance expense – Other	196	184	328	362	244	284
Total operations and maintenance expense – Regulated Businesses	**$1,095**	**$1,105**	**$1,176**	**$1,182**	**$1,345**	**$1,397**
Less:						
Regulated purchased water expense	100	111	122	135	154	156
Allocation of non-operation and maintenance expenses	29	35	30	31	31	23
Impact of Freedom Industries activities	-	-	65	(4)	0	0
Estimated impact of weather	-	(2)	-	-	0	0
Adjusted operations and maintenance expense – Regulated Businesses (a)	**$966**	**$961**	**$959**	**$1,020**	**$1,160**	**$1,218**
Total operating revenues	$2,555	$2,879	$3,302	$3,610	$3,792	$4,133
Less:						
Operating Revenues – Other	270	285	431	516	287	315
Operating Revenues – Other						
Total pro forma operating revenues – Regulated Businesses	**$2,285**	**$2,594**	**$2,871**	**$3,094**	**$3,505**	**$3,818**
Less:						
Regulated Purchased Water expense*	100	111	122	135	154	156
Other revenue reductions for the amortization of excess accumulated deferred income taxes	-		-	-	(89)	(75)
Plus:						
Freedom Industries chemical spill in West Virginia	-	-	-	-	-	-
Estimated impact of weather	-	15	-	-	-	-
Adjusted pro forma operating revenues—Regulated Businesses (b)	**$2,185**	**$2,498**	**$2,749**	**$2,959**	**$3,440**	**$3,737**
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	**44.2%**	**38.5%**	**34.9%**	**34.5%**	**33.7%**	**32.6%**

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

** Calculation assumes purchased water revenues approximate purchased water expenses*
*** Includes the impact of the Company's adoption of ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit, on January 1, 2018*
**** Calculation of Estimated tax reform = Revenue Requirement with new Effective Tax Rate (taxes grossed up) – Revenue Requirement with old Effective Tax Rate*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 8, 2023

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rates Adjustment Request by Pennsylvania-American Water Company

On November 8, 2023, Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"), filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $204 million, excluding projected infrastructure surcharges of $20 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.30% and a debt component of 44.70%. The requested annualized incremental revenue increase is driven primarily by an estimated $1 billion of incremental capital investments to be made through mid-2025. The request also proposes a mechanism to address compliance with evolving environmental requirements, such as emerging federal regulations for lead and PFAS. If approved by the PaPUC, the new rates would be expected to take effect on August 7, 2024, unless otherwise provided by the PaPUC.

A copy of the press release issued by Pennsylvania American Water on November 8, 2023 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the PaPUC with respect to the above-referenced request; (2) the timing of the implementation of new rates thereunder; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Pennsylvania American Water; (4) the amount and timing of proposed Pennsylvania American Water capital expenditures associated with infrastructure surcharges; and (5) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Pennsylvania American Water specifically.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated November 8, 2023, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 8, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water Files Rate Request Driven by $1 Billion in Investment

Request driven by company's commitment to providing safe, reliable and affordable water and wastewater service

Mechanicsburg, Pa. (Nov. 8, 2023) – Pennsylvania American Water filed a rate adjustment request today with the Pennsylvania Public Utility Commission reflecting $1 billion in water and wastewater system investments to be made through mid-2025 to continue providing safe and reliable service. The request reinforces the company's commitment to investing in its water and wastewater systems to replace aging infrastructure, provide reliable service, enhance water quality, comply with environmental regulations, and increase fire protection for customers.

"There is tremendous need for significant and costly improvements to the Commonwealth's water and wastewater infrastructure, and Pennsylvania American Water is playing a key role by making necessary investments and replacing century-old pipes, pumps, and treatment facilities," said Pennsylvania American Water President Justin Ladner. "We do this judiciously and with customer affordability in mind, which is why we're also proposing to make more customers eligible for our bill assistance programs and mitigate increases for wastewater service."

If the company's proposed rates are approved as requested, the monthly water bill for the average residential customer would increase by approximately $17 per month, the average monthly residential wastewater bill for sanitary sewer service would decrease by approximately $5 per month, and the average monthly residential wastewater bill for combined sewer service would increase by approximately $4 per month. Any new rates would not take effect until August 2024 except for certain recently acquired systems, where the rate increases are proposed to take effect at later dates.

As part of its commitment to affordability, the company is proposing to expand its income-based monthly bill discount program to include customers between 150 percent and 200 percent of the Federal Poverty Level (FPL), resulting in an estimated 55,000 additional customers being eligible to receive discounted service. The company's current assistance program offers three tiers of discounts of 30-80 percent off monthly water and wastewater bills for customers with incomes up to 150 percent of the FPL. A detailed affordability analysis of the company's water and wastewater services as a comparison of monthly bills to monthly household income demonstrates that customer bills currently are and will remain affordable under the company's proposed rates for the majority of customers.

The PUC's rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public input hearings, and

Press Release

PENNSYLVANIA AMERICAN WATER

consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to find out what actions customers may take, call customer service at 1-800-565-7292 or visit pennsylvaniaamwater.com and select "Your Water and Wastewater Rates" under the Customer Service & Billing menu.

About American Water American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formally Twitter) and Instagram.

About Pennsylvania American Water
Pennsylvania American Water, a subsidiary of American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

Media Contact:
Laura Martin
Sr. Director, Government & External Affairs
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E: laura.martin@amwater.com

# # #

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 9, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

As previously disclosed, on October 11, 2022, Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company") entered into an Asset Purchase Agreement with the Butler Area Sewer Authority (the "Seller"), with respect to the purchase of the Seller's public wastewater collection and treatment system assets (the "System Assets"). On November 9, 2023, the Pennsylvania Public Utility Commission (the "PaPUC") approved a settlement agreement without modification with respect to Pennsylvania American Water's application to acquire the System Assets from the Seller for a purchase price of $230 million, subject to adjustment as provided for in the Asset Purchase Agreement. The settlement agreement was entered into in August 2023 with the PaPUC's Bureau of Investigation and Enforcement, the Pennsylvania Office of Consumer Advocate and the Pennsylvania Office of Small Business Advocate. The System Assets provide wastewater service for approximately 15,000 customer connections including in the City of Butler, parts of the Borough of East Butler, and parts of the Townships of Butler, Center, Connoquenessing, Summit and Oakland. This approval is to satisfy a significant remaining condition to the closing of the transaction. Subject to the expiration of the required 30-day appeal period, the Company would expect the closing of the transaction to occur by the end of 2023.

A copy of the press release issued by Pennsylvania American Water on November 9, 2023 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in the press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could," or the negative of such terms or other variations or similar expressions. Forward-looking statements relate to, among other things, the ability to satisfy closing and other conditions related to the transaction and to complete the closing of the transaction, including the anticipated closing date. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) satisfying remaining applicable conditions to the closing of the transaction, including the resolution of any appeal of or challenge to the PaPUC's approval, as well as the timing of the closing; (2) the occurrence of benefits and synergies expected or predicted to occur as a result of the completion of the transaction; (3) unexpected costs, liabilities or delays associated with the transaction or the integration of the System Assets; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Pennsylvania American Water; and (5) other economic, business and other factors.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated November 9, 2023, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 9, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water Receives PUC Approval to Purchase Butler Area Sewer Authority Wastewater System

Mechanicsburg, Pa. (Nov. 9, 2023) – Today, Pennsylvania American Water, a subsidiary of American Water (NYSE: AWK), received approval from the Pennsylvania Public Utility Commission (PUC) to purchase the Butler Area Sewer Authority (BASA) wastewater system for $230 million. The approval follows a settlement agreement reached in August between the Office of Consumer Advocate, Office of Small Business Advocate, and Bureau of Investigation and Enforcement of the PUC.

The settlement agreement approved today will significantly expand the company's assistance programs to further address affordability. As part of the agreement, Pennsylvania American Water will nearly double its shareholder contribution to the hardship grant program, increasing the fund by $3.5 million over five years. The agreement also expands the program's income eligibility criteria from 200 to 250 percent of Federal Poverty Income Guidelines, resulting in an estimated 52,900 additional water and 8,800 additional wastewater customers being eligible to receive bill assistance grants. The agreement also benefits commercial customers by establishing a payment arrangement program for commercial customers – previously only available to residential customers.

Upon taking ownership, Pennsylvania American Water will make necessary treatment and collection system upgrades to improve the wastewater system, which are expected to total more than $75 million. As part of the agreement, Pennsylvania American Water will offer employment to all of BASA's employees, maintain the existing BASA operations center for a minimum of 10 years, assume BASA's planned capital improvement projects utilizing qualified Butler area contractors, and adopt BASA's rates at closing without any changes for a minimum of one year.

Pennsylvania American Water expects to close on the acquisition by the end of 2023.

The BASA system serves nearly 15,000 customer connections over 32.5 square miles, including the City of Butler; parts of East Butler Borough; and parts of the Townships of Butler, Center, Connoquenessing, Summit and Oakland. Pennsylvania American Water is already the drinking water service provider to approximately 19,500 customers in the region, and its predecessor companies have served the Butler area since the late 1800s.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

Press Release

PENNSYLVANIA AMERICAN WATER

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formerly Twitter) and Instagram.

About Pennsylvania American Water
Pennsylvania American Water, a subsidiary of American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

Media Contact:
Laura Martin
Sr. Director, Government & External Affairs
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E: laura.martin@amwater.com

# # #

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 15, 2023

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Partial Settlement Agreement Filed in California-American Water Company ("Cal Am") General Rate Case

As previously disclosed, on July 1, 2022, Cal Am, a wholly owned subsidiary of American Water Works Company, Inc., filed a general rate case with the California Public Utilities Commission (the "CPUC"). As updated, the general rate case includes a total revenue requirement request for the three-year rate case cycle of $76 million. On November 17, 2023, Cal Am filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by Cal Am to be $19.96 million in the 2024 test year, $15.51 million in the 2025 escalation year, and $15.44 million in the 2026 attrition year. The partial settlement agreement addresses Cal Am's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate Cal Am's revenue and water sales. New rates would be implemented by Cal Am retroactively to January 1, 2024, upon a final decision issued by the CPUC approving the partial settlement agreement and resolving the other issues not addressed by the partial settlement agreement, which Cal Am expects to occur in mid-2024.

A copy of the press release issued by Cal Am on November 17, 2023 to announce the filing of the partial settlement agreement with the CPUC has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Approval of Increase in Cal Am's Authorized Return on Equity ("ROE")

As authorized by the Water Cost of Capital Mechanism (the "WCCM") included in Cal Am's most recent cost-of-capital decision, on October 16, 2023, Cal Am filed with the CPUC staff an advice letter seeking to implement a 70 basis point increase to Cal Am's authorized ROE. On November 15, 2023, Cal Am was advised by the CPUC staff that the advice letter had been approved, which will increase Cal Am's authorized ROE to 10.20% effective January 1, 2024. Cal Am's current cost of capital is effective for the period from July 31, 2023 through the end of 2024.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. 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," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, 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 Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on February 15, 2023, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the receipt of a final decision issued by the CPUC as to the partial settlement agreement; (2) the resolution by the CPUC of issues in Cal Am's general rate case not addressed by the partial settlement agreement, including the inclusion and implementation of a revenue stability mechanism; (3) the terms of the general rate case as reflected in the CPUC's final decision (including, without limitation, with respect to any total annualized revenue increase reflected in the partial settlement agreement); (4) the timing of the CPUC's final decision and the implementation of new rates; (5) the occurrence of benefits to Cal Am arising from the CPUC's final decision; (6) unexpected costs, liabilities or delays associated with the resolution of Cal Am's general rate case; (7) regulatory, legislative, local, municipal or other actions adversely affecting Cal Am specifically or the water and wastewater industries generally, including with respect to the potential condemnation of Cal Am's water system assets located on the Monterey peninsula; and (8) other economic, business and other factors.

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 the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed

circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Cal Am's business, 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated November 17, 2023, issued by Cal Am.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 17, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

CALIFORNIA AMERICAN WATER

California American Water Reaches Partial Settlement Agreement in Its General Rate Case on Revenues for 2024 through 2026

San Diego, CA (November 17, 2023) – Earlier today, California American Water filed with the California Public Utilities Commission its partial settlement agreement for its statewide General Rate Case to set revenue for 2024 to 2026. The filing memorializes the settlement agreement reached with the Commission's Public Advocates Office. Remaining topics, such as rate design and revenue stabilization mechanisms, were the subject of hearings held in October 2023 and remain pending.

Under the terms of the settlement, California American Water is entitled to additional annualized water and wastewater revenue increases of $19.96 million in test year 2024, $15.51 million for escalation year 2025 and $15.44 million for attrition year 2026. The settlement agreement also strengthens California American Water's Customer Assistance Program discounts from 20 percent to 25 percent off the typical bill for qualified residential customers in Northern and Southern California and from 30 percent to 35 percent in Central California.

Rate cases are legal proceedings used to address the capital investment needed for infrastructure, the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. Regulated water utilities like California American Water are required by law to file a General Rate Case every three years with the CPUC to set revenues and rates.

California American Water will prepare to implement the new rates retroactively to January 1, 2024, upon receiving the CPUC's decision on the settlement agreement and outstanding topics related to rate design and revenue stabilization mechanisms. While other parties are involved in this General Rate Case, the settlement announced today is with the California Public Advocates Office. Customers will receive more information ahead of the implementation of new rates in each of California American Water's water and wastewater service areas, as well as information about customer assistance and conservation programs.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable, and affordable drinking water and wastewater services to more than 14 million people across 14 regulated jurisdictions and 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors, and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formerly Twitter) and Instagram.

Press Release

CALIFORNIA AMERICAN WATER

About California American Water
California American Water, a subsidiary of American Water, provides high-quality and reliable water and wastewater services to approximately 700,000 people.

Cautionary Statement Concerning Forward-Looking Statements
Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, the CPUC's final decision concerning the partial settlement agreement, and the timing of that decision, the resolution of unresolved issues, and the timing of the implementation of new rates if the partial settlement agreement is approved. These statements are based on the current expectations of management of California American Water. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including with respect to (1) the receipt of a final decision issued by the CPUC as to the partial settlement agreement; (2) the resolution by the CPUC of issues in California American Water's general rate case not addressed by the partial settlement agreement, including the inclusion and implementation of a revenue stabilization mechanism; (3) the terms of the general rate case as reflected in the CPUC's final decision (including, without limitation, with respect to any total annualized revenue increase reflected in the partial settlement agreement); (4) the timing of the CPUC's final decision and the implementation of new rates; (5) the occurrence of benefits to California American Water arising from the CPUC's final decision; (6) unexpected costs, liabilities or delays associated with the resolution of California American Water's general rate case; (7) regulatory, legislative, local, municipal or other actions adversely affecting California American Water specifically or the water and wastewater industries generally, including with respect to the potential condemnation of California American Water's water system assets located on the Monterey peninsula; and (8) other economic, business and other factors.

Media Contact
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External Affairs
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Email: evan.jacobs@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of July 20, 2023
Common Stock, par value $0.01 per share	**194,668,641**

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Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at https://amwater.com, an Investor Relations website at https://ir.amwater.com, and a Diversity and Inclusion website at https://diversityataw.com. Information contained on the Company's websites, including its Sustainability Report, its Inclusion, Diversity and Equity Report, and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's growth and portfolio optimization strategies, including the timing and outcome of pending or future acquisition activity; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount and allocation of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to execute its current and long-term business, operational and capital expenditures strategies; the Company's ability to finance current operations, capital expenditures and growth initiatives by accessing the debt and equity capital markets; the outcome and impact on the Company of governmental and regulatory proceedings and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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 herein as a result of the following important factors:

- 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;
- changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain and 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;
- the Company's ability to obtain permits and other approvals for projects and construction 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;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations;
  - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
  - the Company's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to the Company under the seller note when due; and
  - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and 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 GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations, 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, or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2023	December 31, 2022
ASSETS		
Property, plant and equipment	$ 30,815	$ 29,736
Accumulated depreciation	(6,627)	(6,513)
Property, plant and equipment, net	24,188	23,223
Current assets:		
Cash and cash equivalents	794	85
Restricted funds	30	32
Accounts receivable, net of allowance for uncollectible accounts of $52 and $60, respectively	352	334
Income tax receivable	74	114
Unbilled revenues	331	275
Materials and supplies	109	98
Other	299	312
Total current assets	1,989	1,250
Regulatory and other long-term assets:		
Regulatory assets	1,020	990
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	83	82
Goodwill	1,143	1,143
Other	353	379
Total regulatory and other long-term assets	3,319	3,314
Total assets	$ 29,496	$ 27,787

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2023	December 31, 2022
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,083,363 and 187,200,539 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,529	6,824
Retained earnings	1,580	1,267
Accumulated other comprehensive loss	(22)	(23)
Treasury stock, at cost (5,414,838 and 5,342,477 shares, respectively)	(388)	(377)
Total common shareholders' equity	9,701	7,693
Long-term debt	11,607	10,926
Redeemable preferred stock at redemption value	2	3
Total long-term debt	11,609	10,929
Total capitalization	21,310	18,622
Current liabilities:		
Short-term debt	—	1,175
Current portion of long-term debt	579	281
Accounts payable	246	254
Accrued liabilities	575	706
Accrued taxes	65	49
Accrued interest	91	91
Other	208	255
Total current liabilities	1,764	2,811
Regulatory and other long-term liabilities:		
Advances for construction	333	316
Deferred income taxes and investment tax credits	2,549	2,437
Regulatory liabilities	1,524	1,590
Operating lease liabilities	70	70
Accrued pension expense	209	235
Other	204	202
Total regulatory and other long-term liabilities	4,889	4,850
Contributions in aid of construction	1,533	1,504
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 29,496	$ 27,787

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenues	$ 1,097	$ 937	$ 2,035	$ 1,779
Operating expenses:				
Operation and maintenance	419	376	812	740
Depreciation and amortization	174	163	346	321
General taxes	73	71	151	145
Other	(1)	—	(1)	—
Total operating expenses, net	665	610	1,308	1,206
Operating income	432	327	727	573
Other income (expense):				
Interest expense	(110)	(106)	(225)	(206)
Interest income	15	12	29	25
Non-operating benefit costs, net	8	20	17	39
Other, net	12	17	23	32
Total other (expense) income	(75)	(57)	(156)	(110)
Income before income taxes	357	270	571	463
Provision for income taxes	77	52	121	87
Net income attributable to common shareholders	$ 280	$ 218	$ 450	$ 376
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.44	$ 1.20	$ 2.37	$ 2.07
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.44	$ 1.20	$ 2.37	$ 2.07
Weighted-average common shares outstanding:				
Basic	195	182	190	182
Diluted	195	182	190	182

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net income attributable to common shareholders	$ 280	$ 218	$ 450	$ 376
Other comprehensive income, net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended June 30, 2023 and 2022, and $0 for the six months ended June 30, 2023 and 2022	—	1	—	2
Unrealized gain on cash flow hedges, net of tax of $0 and $1 for the three months ended June 30, 2023 and 2022, respectively, and $0 and $1 for the six months ended June 30, 2023 and 2022, respectively	2	3	—	3
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $0 for the three months ended June 30, 2023 and 2022, and $0 for the six months ended June 30, 2023 and 2022	(1)	—	1	—
Net other comprehensive income	1	4	1	5
Comprehensive income attributable to common shareholders	$ 281	$ 222	$ 451	$ 381

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 450	$ 376
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	346	321
Deferred income taxes and amortization of investment tax credits	74	(33)
Provision for losses on accounts receivable	9	10
Pension and non-pension postretirement benefits	(3)	(25)
Other non-cash, net	(40)	(2)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(83)	(159)
Income tax receivable	40	4
Pension and non-pension postretirement benefit contributions	(20)	(31)
Accounts payable and accrued liabilities	(22)	(63)
Accrued taxes	19	(150)
Other assets and liabilities, net	(56)	(52)
Net cash provided by operating activities	714	196
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,153)	(995)
Acquisitions, net of cash acquired	(33)	(240)
Net proceeds from sale of assets	—	608
Removal costs from property, plant and equipment retirements, net	(78)	(49)
Net cash used in investing activities	(1,264)	(676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	1,160	811
Repayments of long-term debt	(170)	(7)
Net proceeds from common stock financing	1,688	—
Net short-term repayments with maturities less than three months	(1,175)	(164)
Advances and contributions in aid of construction, net of refunds of $16 and $8 for the six months ended June 30, 2023 and 2022, respectively	28	41
Debt issuance costs and make-whole premium on early debt redemption	(13)	(7)
Dividends paid	(257)	(228)
Other, net	(4)	(5)
Net cash provided by financing activities	1,257	441
Net increase (decrease) in cash, cash equivalents and restricted funds	707	(39)
Cash, cash equivalents and restricted funds at beginning of period	117	136
Cash, cash equivalents and restricted funds at end of period	$ 824	$ 97
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 343	$ 335

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	170	—	—	—	170
Common stock issuances (a)	12.7	—	1,695	—	—	—	(11)	1,684
Net other comprehensive income	—	—	—	—	—	—	—	—
Balance as of March 31, 2023	200.1	$ 2	$ 8,519	$ 1,437	$ (23)	(5.4)	$ (388)	$ 9,547
Net income attributable to common shareholders	—	—	—	280	—	—	—	280
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7075 declared per common share)	—	—	—	(137)	—	—	—	(137)
Balance as of June 30, 2023	200.1	$ 2	$ 8,529	$ 1,580	$ (22)	(5.4)	$ (388)	$ 9,701

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	
Balance as of December 31, 2021	186.9	$ 2	$ 6,781	$ 925	$ (45)	(5.3)	$ (365)	$ 7,298
Net income attributable to common shareholders	—	—	—	158	—	—	—	158
Common stock issuances (a)	0.2	—	15	—	—	—	(12)	3
Net other comprehensive income	—	—	—	—	1	—	—	1
Balance as of March 31, 2022	187.1	$ 2	$ 6,796	$ 1,083	$ (44)	(5.3)	$ (377)	$ 7,460
Net income attributable to common shareholders	—	—	—	218	—	—	—	218
Common stock issuances (a)	—	—	8	—	—	—	—	8
Net other comprehensive income	—	—	—	—	4	—	—	4
Dividends ($0.6550 declared per common share)	—	—	—	(120)	—	—	—	(120)
Balance as of June 30, 2022	187.1	$ 2	$ 6,804	$ 1,181	$ (40)	(5.3)	$ (377)	$ 7,570

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of June 30, 2023, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2023:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	The guidance requires an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification Topic 606, as if it had originated the contracts. The amendments in this update also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination.	January 1, 2023	Prospective	This standard did not have a material impact on the Consolidated Financial Statements
Troubled Debt Restructurings and Vintage Disclosures	The main provisions of this standard eliminate the receivables accounting guidance for troubled debt restructurings ("TDRs") by creditors while enhancing disclosure requirements when a borrower is experiencing financial difficulty. Entities must apply the loan refinancing and restructuring guidance for receivables to determine whether a modification results in a new loan or a continuation of an existing loan. Additionally, the amendments in this update require that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases.	January 1, 2023	Prospective, with a modified retrospective option for amendments related to the recognition and measurement of TDRs.	This standard did not have a material impact on the Consolidated Financial Statements

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In March 2023, the NJEDA issued the utilization certificate for the 2020 tax credits to the Company in the amount of $16 million. The Company sold these tax credits to external parties in March 2023 for $15 million. As of June 30, 2023 and December 31, 2022, the Company had $32 million and $48 million, respectively, in Other current assets and $97 million in Other long-term assets on the Consolidated Balance Sheets as a result of these tax credits. The Company has made the necessary annual filing for the years ended December 31, 2021 and 2022.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the six months ended June 30:

	2023	2022
Balance as of January 1	$ (60)	$ (75)
Amounts charged to expense	(9)	(10)
Amounts written off	13	11
Other, net (a)	4	7
Balance as of June 30	$ (52)	$ (67)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant water sales volume and customer count, resulting from general rate case authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
General rate cases by state:		
Missouri	May 28, 2023	$ 44
Virginia	April 24, 2023 (a)	11
Pennsylvania	January 28, 2023	138
Illinois	January 1, 2023	67
California, Step Increase	January 1, 2023	13
Total general rate case authorizations		$ 273

(a) Interim rates were effective May 1, 2022, and the difference between interim and final approved rates is subject to refund. The Virginia State Corporation Commission issued its final Order on April 24, 2023.

On June 29, 2023, the California Public Utilities Commission ("CPUC") issued a decision on the cost of capital application for the Company's California subsidiary, which authorizes a return on equity of 8.98% and a capital structure with an equity component of 57.04% for the three-year period from 2022 to 2024. The CPUC's decision is not retroactive and will be effective from the date of the order through the end of 2024. The decision includes a Water Cost of Capital Mechanism (the "WCCM") that would allow the California subsidiary to increase its return on equity for the remainder of 2023 and 2024 based on capital market rates. As authorized by the WCCM, on June 30, 2023, the California subsidiary filed with the CPUC staff an advice letter to seek a 52 basis point increase to the return on equity for 2023, which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023.

On May 3, 2023, the Missouri Public Service Commission issued an order approving the March 3, 2023, joint settlement agreement in the general rate case filed on July 1, 2022, by the Company's Missouri subsidiary. The general rate case order approved a $44 million annualized increase in water and wastewater revenues, excluding $51 million in previously approved infrastructure surcharges, and authorized implementation of the new water and wastewater rates effective May 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Missouri subsidiary's 2021 rate case order. The Missouri subsidiary's view of its rate base is $2.3 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 9.75% and 50.0%, respectively.

On April 24, 2023, the Virginia State Corporation Commission issued an order approving the settlement of the rate case filed on September 26, 2022, by the Company's Virginia subsidiary. The general rate case order approved an $11 million annualized increase in water and wastewater revenues. Interim rates in this proceeding were effective on May 1, 2022, and the order requires that the difference between interim and the final approved rates is subject to refund within 90 days of the order issuance. The order approves the settlement terms with a return on equity of 9.7% and a common equity ratio of 40.7%. The annualized revenue increase is driven primarily by significant incremental capital investments since the Virginia subsidiary's 2020 rate case order that have been completed or were planned through April 30, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order includes recovery of the Virginia subsidiary's COVID-19 deferral balance. It also includes approval of the accounting deferral of deviations in pension and other postretirement benefits expense from those established in base rates, until the Virginia subsidiary's next base rate case.

On December 8, 2022, the Pennsylvania Public Utility Commission issued an order approving the joint settlement agreement in the rate case filed on April 29, 2022, by the Company's Pennsylvania subsidiary. The general rate case order approved a $138 million annualized increase in water and wastewater revenues, excluding $24 million for previously approved infrastructure filings, and authorizes implementation of the new water and wastewater rates effective January 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Pennsylvania subsidiary's 2021 rate case order that will be completed through December 31, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order also includes recovery of the Pennsylvania subsidiary's COVID-19 deferral balance. The Pennsylvania subsidiary's view of its rate base is $5.1 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 10.0% and 44.8%, respectively.

On December 15, 2022, the Illinois Commerce Commission issued an order approving the adjustment of base rates requested in a rate case filed on February 10, 2022, by the Company's Illinois subsidiary. As updated in the Illinois subsidiary's June 29, 2022 rebuttal filing, the request sought $83 million in additional annualized revenues, excluding previously recovered infrastructure surcharges. The general rate case order approved a $67 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $18 million, effective January 1, 2023, based on an authorized return on equity of 9.78%, authorized rate base of $1.64 billion, a common equity ratio of 49.0% and a debt ratio of 51.0%. The annualized revenue increase is being driven primarily by significant water and wastewater system capital investments since the Illinois subsidiary's 2017 rate case order that have been completed or are planned through December 31, 2023, expected higher pension and other postretirement benefit costs, and increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On June 30, 2023, the Company's Kentucky subsidiary filed a general rate case requesting $26 million in additional annualized revenues, excluding infrastructure surcharges of $10 million. An order is expected in the general rate case by the end of the first quarter of 2024.

On May 1, 2023, the Company's West Virginia subsidiary filed a general rate case requesting $45 million in additional annualized revenues, excluding previously approved infrastructure surcharges of $7 million. The general rate case includes a future test year capturing planned investment through 2025 and an order is expected to be reached by February 25, 2024. On June 30, 2023, the West Virginia subsidiary filed its annual infrastructure surcharge requesting $8 million in additional annualized revenues for planned investment through 2024. The infrastructure surcharge will be aligned with the investments recognized in the general rate case if the future test year is approved.

On March 31, 2023, the Company's Indiana subsidiary filed a general rate case requesting $87 million in additional annualized revenues, excluding $41 million of revenue from infrastructure filings already approved, which includes three step increases, with $43 million of the increase to be included in rates in January 2024, $18 million in May 2024, and $26 million in May 2025. An order is expected in the general rate case by the end of January 2024.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant water sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	(a)	$ 17
Indiana	(b)	26
Missouri	January 16, 2023	14
Pennsylvania	January 1, 2023	3
West Virginia	January 1, 2023	7
Total infrastructure surcharge authorizations		$ 67

(a) In 2023, $1 million was effective June 29 and $16 million was effective April 29.

(b) In 2023, $20 million was effective March 23 and $6 million was effective March 8.

Pending Infrastructure Surcharge Filings

On March 1, 2023, the Company's Kentucky subsidiary filed an infrastructure surcharge proceeding requesting $4 million in additional annualized revenues. An order is expected in this proceeding in the third quarter of 2023. The infrastructure surcharge will reset to zero once the pending general rate case becomes effective which is expected by the end of the first quarter of 2024.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would become effective in January 2024. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which would be effective 2024 through 2026.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the New Jersey Board of Public Utilities ("NJBPU") that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. The Company's New Jersey subsidiary filed its brief in support of the appeal on March 4, 2022. Response and Reply briefs were filed on June 22, 2022, and August 4, 2022, respectively. Oral argument was held on March 22, 2023, and the Company expects a decision by the end of 2023. There is no financial impact to the Company as a result of the NJBPU's order, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 554	$ —	$ 554
Commercial	198	—	198
Fire service	39	—	39
Industrial	38	—	38
Public and other	75	—	75
Total water services	904	—	904
Wastewater services:			
Residential	57	—	57
Commercial	16	—	16
Industrial	2	—	2
Public and other	7	—	7
Total wastewater services	82	—	82
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	8	8
Lease contract revenue	—	2	2
Total Regulated Businesses	995	10	1,005
Other	93	(1)	92
Total operating revenues	$ 1,088	$ 9	$ 1,097

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 483	$ 1	$ 484
Commercial	174	—	174
Fire service	37	—	37
Industrial	38	—	38
Public and other	59	—	59
Total water services	791	1	792
Wastewater services:			
Residential	42	—	42
Commercial	11	—	11
Industrial	1	—	1
Public and other	4	—	4
Total wastewater services	58	—	58
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	4	4
Lease contract revenue	—	2	2
Total Regulated Businesses	858	7	865
Other	72	—	72
Total operating revenues	$ 930	$ 7	$ 937

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,015	$ —	$ 1,015
Commercial	369	—	369
Fire service	78	—	78
Industrial	76	—	76
Public and other	131	—	131
Total water services	1,669	—	1,669
Wastewater services:			
Residential	111	—	111
Commercial	30	—	30
Industrial	4	—	4
Public and other	13	—	13
Total wastewater services	158	—	158
Miscellaneous utility charges	17	—	17
Alternative revenue programs	—	17	17
Lease contract revenue	—	4	4
Total Regulated Businesses	1,844	21	1,865
Other	171	(1)	170
Total operating revenues	$ 2,015	$ 20	$ 2,035

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 911	$ 1	$ 912
Commercial	327	—	327
Fire service	73	—	73
Industrial	74	—	74
Public and other	116	—	116
Total water services	1,501	1	1,502
Wastewater services:			
Residential	83	—	83
Commercial	21	—	21
Industrial	2	—	2
Public and other	7	—	7
Total wastewater services	113	—	113
Miscellaneous utility charges	18	—	18
Alternative revenue programs	—	6	6
Lease contract revenue	—	4	4
Total Regulated Businesses	1,632	11	1,643
Other	136	—	136
Total operating revenues	$ 1,768	$ 11	$ 1,779

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $111 million and $86 million are included in unbilled revenues on the Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, respectively. Contract liabilities of $71 million and $91 million are included in other current liabilities on the Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, respectively. Revenues recognized for the six months ended June 30, 2023 and 2022, from amounts included in contract liabilities were $68 million and $65 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of June 30, 2023, the Company's operation and maintenance ("O&M") and capital improvement contracts in the MSG and the Contract Services Group have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.0 billion as of June 30, 2023, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $578 million as of June 30, 2023, as measured by estimated remaining contract revenue. Some of the Company's long-term contracts to operate and maintain the federal government's, a municipality's or other party's water or wastewater treatment and delivery facilities include responsibility for certain maintenance for some of those facilities, in exchange for an annual fee. Unless specifically required to perform certain maintenance activities, the maintenance costs are recognized when the maintenance is performed.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the six months ended June 30, 2023, the Company closed on ten acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $35 million, which added approximately 7,100 water and wastewater customers. This includes the Company's New Jersey subsidiary's acquisition of the water and wastewater assets of Egg Harbor City on June 1, 2023, for a cash purchase price of $22 million, $2 million of which was funded as a deposit to the seller in March 2021 in connection with the execution of the acquisition agreement. The Egg Harbor City acquisition was accounted for as a business combination and the assets acquired consisted primarily of $22 million of utility plant.

Pending Acquisitions

On April 6, 2023, the Company's Illinois subsidiary entered into an agreement to acquire the assets of the wastewater treatment plant from the City of Granite City for $83 million, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 26,000 customer connections. The Company now expects to close this acquisition by the end of 2023, pending regulatory approval.

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition by mid-year 2024, pending regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the wastewater assets of the Butler Area Sewer Authority for a total purchase price of $232 million in cash, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 14,700 customer connections. The Company expects to close this acquisition by the end of 2023, pending regulatory approval.

Note 6: Shareholders' Equity

Common Stock Offering

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of its common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of American Water Capital Corp. ("AWCC"), the wholly owned finance subsidiary of American Water, and for general corporate purposes.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the six months ended June 30, 2023 and 2022, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Loss on Cash Flow Hedges	Gain on Fixed-Income Securities	Accumulated Other Comprehensive Loss
Balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive income before reclassifications	—	—	—	—	1	1
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—	—	—
Net other comprehensive income	—	—	—	—	1	1
Balance as of June 30, 2023	$ (93)	$ 1	$ 70	$ (1)	$ 1	$ (22)
Balance as of December 31, 2021	$ (107)	$ 1	$ 67	$ (6)	$ —	$ (45)
Other comprehensive income before reclassifications	—	—	—	4	—	4
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income	—	—	1	4	—	5
Balance as of June 30, 2022	$ (107)	$ 1	$ 68	$ (2)	$ —	$ (40)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in interest, net in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On June 1, 2023, the Company paid a quarterly cash dividend of $0.7075 per share to shareholders of record as of May 9, 2023.

On July 26, 2023, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7075 per share, payable on September 1, 2023, to shareholders of record as of August 8, 2023. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On June 29, 2023, AWCC, issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder is being used for general corporate purposes. The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from parent company, which serves as the functional equivalent of a guarantee by parent company of the obligations of AWCC under the Notes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes will be exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the “Note Indenture”). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes will be exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC’s exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

In addition to the Notes issued by AWCC as described above, during the six months ended June 30, 2023, the Company’s regulated subsidiaries issued in the aggregate $125 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 3.75%, with a weighted average interest rate of 3.30%, maturing in 2025 through 2041. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the six months ended June 30, 2023, were collateralized. During the six months ended June 30, 2023, AWCC and the Company’s regulated subsidiaries made sinking fund payments for, or repaid at maturity, $170 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 6.55%, a weighted average interest rate of 1.63%, and maturity dates ranging from 2023 to 2051.

The Company had entered into eleven 10-year treasury lock agreements, with notional amounts totaling $300 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In June 2023, the Company terminated the treasury lock agreements realizing a net gain of $3 million included in Other, net in the accompanying Consolidated Statements of Operations.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2023 or 2022.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets and, if and to the extent necessary, borrowings under the AWCC revolving credit facility and issuances of equity. The revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC’s revolving credit facility is October 2027. The revolving credit facility is used principally to support AWCC’s commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. As of June 30, 2023 and December 31, 2022, there were no borrowings under the revolving credit facility. As of June 30, 2023 and December 31, 2022, there were $75 million and $78 million, respectively, of outstanding letters of credit under the revolving credit facility.

At June 30, 2023, there was no outstanding short-term debt as the proceeds of the Notes were used to repay the short-term commercial paper obligations. See Note 7—Long-Term Debt for additional information relating to the Notes.

At December 31, 2022, short-term debt consisting of commercial paper borrowings totaled $1,177 million, or net of discount $1,175 million. The weighted-average interest rate on AWCC’s outstanding short-term borrowings was approximately 4.41% and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of June 30, 2023	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.68 billion as of June 30, 2023, may be accessed through revolver draws.

	As of December 31, 2022		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,177)	(78)	(1,255)
Remaining availability as of December 31, 2022	$ 1,423	$ 72	$ 1,495

(a) Total remaining availability of $1.50 billion as of December 31, 2022, may be accessed through revolver draws.

Presented in the table below is the Company's total available liquidity as of June 30, 2023 and December 31, 2022, respectively:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2023	$ 794	$ 2,675	$ 3,469
Available liquidity as of December 31, 2022	$ 85	$ 1,495	$ 1,580

Note 9: Income Taxes

The Company's effective income tax rate was 21.6% and 19.3% for the three months ended June 30, 2023 and 2022, respectively, and 21.2% and 18.8% for the six months ended June 30, 2023 and 2022, respectively. The increase in the Company's effective income tax rate for the three and six months ended June 30, 2023, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders. The amortization of EADIT is generally offset with reduction in revenue.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a Corporate Alternative Minimum Tax ("CAMT") provision, effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1 billion. An applicable corporation must make several adjustments to net income when determining AFSI. The Company evaluated the potential impacts of the CAMT provision within the IRA and believes it does not exceed the $1 billion AFSI threshold, and therefore, is not currently subject to CAMT in 2023. The Company is continuing to assess the impact of the initial guidance regarding the application of the CAMT and will continue to monitor as additional guidance is released.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Components of net periodic pension benefit cost (credit):				
Service cost	$ 4	$ 7	$ 8	$ 15
Interest cost	21	16	43	32
Expected return on plan assets	(23)	(30)	(46)	(61)
Amortization of prior service credit	(1)	(1)	(2)	(2)
Amortization of actuarial loss	3	5	7	10
Net periodic pension benefit cost (credit)	$ 4	$ (3)	$ 10	$ (6)
Components of net periodic other postretirement benefit credit:				
Service cost	$ —	$ 1	$ 1	$ 2
Interest cost	3	2	7	5
Expected return on plan assets	(3)	(5)	(6)	(10)
Amortization of prior service credit	(8)	(8)	(16)	(16)
Amortization of actuarial loss	—	—	1	—
Net periodic other postretirement benefit credit	$ (8)	$ (10)	$ (13)	$ (19)

The Company contributed $10 million and $20 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2023, respectively, and contributed $9 million and $18 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2022, respectively. The Company expects to make pension contributions to the plan trusts of $22 million during the remainder of 2023.

There were no contributions for the three and six months ended June 30, 2023, and $3 million and $13 million of contributions for the three and six months ended June 30, 2022, respectively, for the funding of the Company's other postretirement benefit plans.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of June 30, 2023, the Company has accrued approximately $6 million of probable loss contingencies and has estimated that the maximum amount of losses associated with reasonably possible loss contingencies that can be reasonably estimated is $3 million. For certain matters, claims and actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such matters, claims or actions, other than as described in this Note 11—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Water Main Break Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. In August 2020, WVAWC filed a Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia seeking to vacate or remand the Circuit Court's order certifying the issues class. In January 2021, the Supreme Court of Appeals remanded the case back to the Circuit Court for further consideration in light of a decision issued in another case relating to the class certification issues raised on appeal. On July 5, 2022, the Circuit Court entered an order again certifying a class to address at trial certain liability issues but not to consider damages. On August 26, 2022, WVAWC filed another Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia challenging the West Virginia Circuit Court's July 5, 2022 order, which petition was denied on June 8, 2023. The case will now return to the circuit court for further discovery, rulings and ultimately a class trial on issues relating to duty and breach of that duty. The trial will not find class-wide damages or punitive damages.

The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint. WVAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot reasonably estimate the amount of any reasonably possible losses or a range of such losses related to this proceeding.

Chattanooga, Tennessee Water Main Break Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. On January 12, 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. On February 9, 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law.

TAWC and the Company believe that TAWC has meritorious defenses to the claims raised in this class action complaint, and TAWC is vigorously defending itself against these allegations. The Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of such losses related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"). The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In September 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In September 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $223 million in aggregate costs as of June 30, 2023 related to the Water Supply Project, which includes $62 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project, which is not expected to produce additional water until 2024 at the earliest. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. This decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings to be scheduled in a Phase 2 to this CPUC proceeding will focus on updated supply and demand estimates for the Water Supply Project.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 final decision and its December 2022 final decision, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. The withdrawal of the Original Jurisdiction Application did not impact Cal Am's appeal of the City's denial of the Marina Application, which remains pending before the Coastal Commission. In November 2020, Cal Am refiled the Original Jurisdiction Application.

On October 5, 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

On November 17, 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. On December 29, 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of the slant wells. Cal Am is named as a real party in interest. This matter remains pending.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2022, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2023 and future years may be impacted by a number of factors, including, without limitation, continued drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

West Virginia Elk River Freedom Industries Chemical Spill

On June 8, 2018, the U.S. District Court for the Southern District of West Virginia granted final approval of a settlement class and global class action settlement (the "Settlement") for all claims and potential claims by all class members (collectively, the "West Virginia Plaintiffs") arising out of the January 2014 Freedom Industries, Inc. chemical spill in West Virginia. The effective date of the Settlement was July 16, 2018. Under the terms and conditions of the Settlement, WVAWC and certain other Company affiliated entities did not admit, and will not admit, any fault or liability for any of the allegations made by the West Virginia Plaintiffs in any of the actions that were resolved.

As of June 30, 2023, $0.5 million of the aggregate Settlement amount of $126 million remains reflected in accrued liabilities, and $0.5 million in an offsetting insurance receivable remains reflected in other current assets on the Consolidated Balance Sheets pending resolution of all asserted actual or potential claims associated with this matter. The amount reflected in accrued liabilities reflects the status of the liability and the offsetting insurance receivable reflected in other current assets, each as of as of June 30, 2023.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net income attributable to common shareholders	$ 280	$ 218	$ 450	$ 376
Denominator:				
Weighted-average common shares outstanding—Basic	195	182	190	182
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	182	190	182

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and six months ended June 30, 2023 and 2022, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Seller promissory note from the sale of the Homeowner Services Group ("HOS") — The carrying amount reported on the Consolidated Balance Sheets for the seller promissory note, included as part of the consideration from the sale of HOS, is $720 million as of June 30, 2023 and December 31, 2022. This amount represents the principal amount owed under the seller note, for which the Company expects to receive full payment. The accounting fair value measurement of the seller note approximated $691 million and $686 million as of June 30, 2023 and December 31, 2022, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The seller note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of June 30, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,185	9,725	34	1,356	11,115

	As of December 31, 2022				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt (excluding finance lease obligations)	11,207	8,599	49	1,427	10,075

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 31	$ —	$ —	$ 31
Rabbi trust investments	21	—	—	21
Deposits	6	—	—	6
Other investments				
Money market and other	30	—	—	30
Fixed-Income Securities	166	6	—	172
Contingent cash payment from the sale of HOS	—	—	72	72
Total assets	254	6	72	332
Liabilities:				
Deferred compensation obligations	25	—	—	25
Total liabilities	25	—	—	25
Total assets	$ 229	$ 6	$ 72	$ 307

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 32	$ —	$ —	$ 32
Rabbi trust investments	21	—	—	21
Deposits	7	—	—	7
Other investments				
Money market and other	61	—	—	61
Fixed-Income Securities	147	6	—	153
Contingent cash payment from the sale of HOS	—	—	72	72
Mark-to-market derivative asset	—	1	—	1
Total assets	268	7	72	347
Liabilities:				
Deferred compensation obligations	24	—	—	24
Total liabilities	24	—	—	24
Total assets	$ 244	$ 7	$ 72	$ 323

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on observable market prices and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $69 million and $67 million in Other current assets, as of June 30, 2023 and December 31, 2022, respectively, and $133 million and $147 million in Other long-term assets, as of June 30, 2023 and December 31, 2022, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities as of June 30, 2023 and December 31, 2022:

	As of June 30, 2023			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 171	$ 6	$ 5	$ 172

	As of December 31, 2022			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 153	$ —	$ —	$ 153

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of June 30, 2023, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 116
1 year - 5 years	42
5 years - 10 years	3
Greater than 10 years	11
Total	$ 172

Contingent cash payment from the sale of HOS—The Company's contingent cash payment derivative included as part of the consideration from the sale of HOS, payable upon satisfaction of certain conditions on or before December 31, 2023, is included in other current assets on the Consolidated Balance Sheets. The accounting fair value measurement of the contingent cash payment approximated $72 million, which is reflective of changes in the benchmark interest rate and estimated using the probability of the outcome of receipt of the $75 million, a Level 3 input.

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 37 years, six years, and three years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $144 million and $145 million as of June 30, 2023 and December 31, 2022, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $2 million in 2023, $4 million in 2024 through 2027, and $45 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for each of the three months ended June 30, 2023 and June 30, 2022, and $6 million for each of the six months ended June 30, 2023 and June 30, 2022.

For the three and six months ended June 30, 2023, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, were $3 million and $5 million, respectively. For the six months ended June 30, 2023, there were ROU assets obtained in exchange for new operating lease liabilities of $4 million.

As of June 30, 2023, the weighted-average remaining lease term of the operating leases was 17 years, and the weighted-average discount rate of the operating leases was 4%.

The future maturities of lease liabilities as of June 30, 2023 were $5 million in 2023, $10 million in 2024, $9 million in 2025, $8 million in 2026, $7 million in 2027, and $76 million thereafter. As of June 30, 2023, imputed interest was $37 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the seller promissory note and income from the revenue share agreement from the sale of HOS, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The seller promissory note from the sale of HOS has a five-year term, is payable in cash, and bears interest at a rate of 7.00% per year during the term. The Company recognized $12 million of interest income from the seller note for each of the three months ended June 30, 2023 and 2022, and $25 million of interest income from the seller note for each of the six months ended June 30, 2023 and 2022.

The Company recognized $3 million and $2 million of income during the three months ended June 30, 2023 and 2022, respectively, and $6 million and $4 million of income during the six months ended June 30, 2023 and 2022, respectively, from the revenue share agreements from the sale of HOS, which is included in Other, net on the Consolidated Statements of Operations.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended June 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,005	$ 92	$ 1,097
Depreciation and amortization	172	2	174
Total operating expenses, net	584	81	665
Interest expense	(90)	(20)	(110)
Interest income	6	9	15
Provision for income taxes	73	4	77
Net income attributable to common shareholders	278	2	280
Total assets	26,243	3,253	29,496
Cash paid for capital expenditures	622	5	627

	As of or for the Three Months Ended June 30, 2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 865	$ 72	$ 937
Depreciation and amortization	157	6	163
Total operating expenses, net	546	64	610
Interest expense	(76)	(30)	(106)
Interest income	—	12	12
Provision for income taxes	47	5	52
Net income (loss) attributable to common shareholders	219	(1)	218
Total assets	23,864	2,710	26,574
Cash paid for capital expenditures	568	3	571

	As of or for the Six Months Ended June 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,865	$ 170	$ 2,035
Depreciation and amortization	341	5	346
Total operating expenses, net	1,156	152	1,308
Interest expense	(177)	(48)	(225)
Interest income	7	22	29
Provision for income taxes	119	2	121
Net income (loss) attributable to common shareholders	452	(2)	450
Total assets	26,243	3,253	29,496
Cash paid for capital expenditures	1,146	7	1,153

	As of or for the Six Months Ended June 30, 2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,643	$ 136	$ 1,779
Depreciation and amortization	312	9	321
Total operating expenses, net	1,084	122	1,206
Interest expense	(146)	(60)	(206)
Interest income	—	25	25
Provision for income taxes	83	4	87
Net income (loss) attributable to common shareholders	379	(3)	376
Total assets	23,864	2,710	26,574
Cash paid for capital expenditures	990	5	995

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2022. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and six months ended June 30, 2023, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.44 and $2.37, respectively, an increase of $0.24 and $0.30, respectively, as compared to the same periods in the prior year. These increases were primarily driven by the implementation of new rates in the Regulated Businesses for the recovery of capital and acquisition investments, offset somewhat by increased production costs, including inflationary pressures and higher pension costs since mid-2022. Approximately 75% of the estimated impact of increased production costs, including chemicals, power and other fuel, and of higher pension costs, are reflected in higher revenues in 2023 from rate cases recently completed. Results for the three and six months ended June 30, 2023, also reflect the favorable impact of weather, estimated at $0.07 per share, due to warm, dry weather in the second quarter of 2023. Results for the three and six months ended June 30, 2023, also reflect the impact of share dilution from the equity financing of $0.10 and $0.11 per share, respectively, which offsets the avoided interest expense.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, and (ii) regulated acquisitions to expand the Company's services to new customers. The Company plans to invest approximately $2.9 billion in these growth strategies in 2023. During the first six months of 2023, the Company invested $1.2 billion, primarily in the Regulated Businesses, as discussed below:

Regulated Businesses - Growth and Optimization

- $1.15 billion capital investment in the Regulated Businesses, the substantial majority for infrastructure improvements and replacements; and
- $33 million to fund acquisitions in the Regulated Businesses, which added approximately 7,100 customers, in addition to approximately 9,500 customers added through organic growth. This includes the Company's New Jersey subsidiary's acquisition of the water and wastewater assets of Egg Harbor City on June 1, 2023, for a cash purchase price of $22 million, $2 million of which was funded as a deposit to the seller in March 2021 in connection with the execution of the acquisition agreement.

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition by mid-year 2024, pending regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the wastewater assets of the Butler Area Sewer Authority for a total purchase price of $232 million in cash, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 14,700 customer connections. The Company expects to close this acquisition by the end of 2023, pending regulatory approval.

On April 6, 2023, the Company's Illinois subsidiary entered into an agreement to acquire the assets of the wastewater treatment plant from the City of Granite City for $83 million, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 26,000 customer connections. The Company now expects to close this acquisition by the end of 2023, pending regulatory approval.

As of June 30, 2023, the Company had entered into 32 agreements with a total aggregate purchase price of $555 million for pending acquisitions in the Regulated Businesses, including the agreements discussed above, to add approximately 74,800 additional customers.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On March 14, 2023, the United States Environmental Protection Agency ("EPA") announced the proposed National Primary Drinking Water Regulations ("NPDWR") for six per- and polyfluoroalkyl substances ("PFAS") including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The proposed regulations would establish legally enforceable levels for PFAS in drinking water. The EPA anticipates issuing a final rule by the end of 2023 and utilities will be provided a three-year window to comply with the new regulations once finalized, although the Safe Drinking Water Act allows utilities to request an additional two years if capital improvements are required.

The Company performed an initial review of the NPDWR to assess the four parts per trillion requirements for PFAS and the application of the Hazard Index approach for PFNA, PFBS, PFHxS, and GenX Chemicals. On May 24, 2023, the Company submitted comments to the EPA outlining its position on key issues to address the proposed regulations, including its projected costs associated with PFAS treatment at the proposed limits and the potential impact to customers' bills. The Company estimates an investment in excess of $1 billion of capital expenditures to install additional treatment facilities over a three to five-year period in order to comply with proposed regulations. Additionally, the Company estimates annual operating expenses of approximately $50 million related to testing and treatment in today's dollars. These are preliminary estimates based on the proposed rule. The actual expenses may differ from these preliminary estimates and will be dependent upon multiple factors, including the final rule and effective date, as well as the completion of a system-by-system engineering analysis.

The Company supports sound policies and compliance with the NPDWR by all water utilities, while protecting customers and communities from the costly burden of monitoring for and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is currently participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. The Company is monitoring ongoing litigation and settlement activity with manufacturers of PFAS in these proceedings for potential impacts to the various claims asserted by the Company.

Operational Excellence

The Company's adjusted regulated operation and maintenance ("O&M") efficiency ratio was 33.1% for the twelve months ended June 30, 2023, as compared to 33.7% for the twelve months ended June 30, 2022. The ratio reflects an increase in operating revenues for the Regulated Businesses, after considering the adjustment for the amortization of the excess accumulated deferred income taxes ("EADIT") shown in the table below, as well as the continued focus on operating costs.

The Company's adjusted regulated O&M efficiency ratio is a non-GAAP measure and is defined by the Company as its operation and maintenance expenses from the Regulated Businesses, divided by the operating revenues from the Regulated Businesses, where both operation and maintenance expenses and operating revenues were adjusted to eliminate purchased water expense. Operating revenues were further adjusted to exclude reductions for the amortization of the EADIT. Also excluded from operation and maintenance expenses is the allocable portion of non-O&M support services costs, mainly depreciation and general taxes, which is reflected in the Regulated Businesses segment as operation and maintenance expenses, but for consolidated financial reporting purposes, is categorized within other line items in the accompanying Consolidated Statements of Operations. The items discussed above were excluded from the O&M efficiency ratio calculation as they are not reflective of management's ability to increase the efficiency of the Regulated Businesses.

The Company evaluates its operating performance using this ratio, and believes it is useful to investors because it directly measures improvement in the operating performance and efficiency of the Regulated Businesses. This information is derived from the Company's consolidated financial information but is not presented in its financial statements prepared in accordance with GAAP. This information supplements and should be read in conjunction with the Company's GAAP disclosures, and should be considered as an addition to, and not a substitute for, any GAAP measure. The Company's adjusted regulated O&M efficiency ratio (i) is not an accounting measure that is based on GAAP; (ii) is not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this Form 10-Q.

Presented in the table below is the calculation of the Company's adjusted regulated O&M efficiency ratio and a reconciliation that compares operation and maintenance expenses and operating revenues, each as determined in accordance with GAAP, to those amounts utilized in the calculation of its adjusted O&M efficiency ratio:

	For the Twelve Months Ended June 30,	
(Dollars in millions)	**2023**	**2022**
Total operation and maintenance expenses	$ 1,662	$ 1,668
Less:		
Operation and maintenance expenses—Other	278	352
Total operation and maintenance expenses—Regulated Businesses	1,384	1,316
Less:		
Regulated purchased water expenses	153	152
Allocation of non-operation and maintenance expenses	23	32
Adjusted operation and maintenance expenses—Regulated Businesses (i)	$ 1,208	$ 1,132
Total operating revenues	$ 4,048	$ 3,822
Less:		
Operating revenues—Other	321	408
Total operating revenues—Regulated Businesses	3,727	3,414
Less:		
Regulated purchased water revenues (a)	153	152
Revenue reductions from the amortization of EADIT	(78)	(97)
Adjusted operating revenues—Regulated Businesses (ii)	$ 3,652	$ 3,359
Adjusted O&M efficiency ratio—Regulated Businesses (i) / (ii)	33.1 %	33.7 %

(a) The calculation assumes regulated purchased water revenues approximate regulated purchased water expenses.

Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the EADIT that are generally offset in income tax expense, assuming a constant water sales volume and customer count, resulting from general rate case authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
General rate cases by state:		
Missouri	May 28, 2023	$ 44
Virginia	April 24, 2023 (a)	11
Pennsylvania	January 28, 2023	138
Illinois	January 1, 2023	67
California, Step Increase	January 1, 2023	13
Total general rate case authorizations		$ 273

(a) Interim rates were effective May 1, 2022, and the difference between interim and final approved rates is subject to refund. The Virginia State Corporation Commission issued its final Order on April 24, 2023.

On June 29, 2023, the California Public Utilities Commission ("CPUC") issued a decision on the cost of capital application for the Company's California subsidiary, which authorizes a return on equity of 8.98% and a capital structure with an equity component of 57.04% for the three-year period from 2022 to 2024. The CPUC's decision is not retroactive and will be effective from the date of the order through the end of 2024. The decision includes a Water Cost of Capital Mechanism (the "WCCM") that would allow the California subsidiary to increase its return on equity for the remainder of 2023 and 2024 based on capital market rates. As authorized by the WCCM, on June 30, 2023, the California subsidiary filed with the CPUC staff an advice letter to seek a 52 basis point increase to the return on equity for 2023, which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023.

On May 3, 2023, the Missouri Public Service Commission issued an order approving the March 3, 2023, joint settlement agreement in the general rate case filed on July 1, 2022, by the Company's Missouri subsidiary. The general rate case order approved a $44 million annualized increase in water and wastewater revenues, excluding $51 million in previously approved infrastructure surcharges, and authorized implementation of the new water and wastewater rates effective May 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Missouri subsidiary's 2021 rate case order. The Missouri subsidiary's view of its rate base is $2.3 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 9.75% and 50.0%, respectively.

On April 24, 2023, the Virginia State Corporation Commission issued an order approving the settlement of the rate case filed on September 26, 2022, by the Company's Virginia subsidiary. The general rate case order approved an $11 million annualized increase in water and wastewater revenues. Interim rates in this proceeding were effective on May 1, 2022, and the order requires that the difference between interim and the final approved rates is subject to refund within 90 days of the order issuance. The order approves the settlement terms with a return on equity of 9.7% and a common equity ratio of 40.7%. The annualized revenue increase is driven primarily by significant incremental capital investments since the Virginia subsidiary's 2020 rate case order that have been completed or were planned through April 30, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order includes recovery of the Virginia subsidiary's COVID-19 deferral balance. It also includes approval of the accounting deferral of deviations in pension and other postretirement benefits expense from those established in base rates, until the Virginia subsidiary's next base rate case.

On December 8, 2022, the Pennsylvania Public Utility Commission issued an order approving the joint settlement agreement in the rate case filed on April 29, 2022, by the Company's Pennsylvania subsidiary. The general rate case order approved a $138 million annualized increase in water and wastewater revenues, excluding $24 million for previously approved infrastructure filings, and authorizes implementation of the new water and wastewater rates effective January 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Pennsylvania subsidiary's 2021 rate case order that will be completed through December 31, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order also includes recovery of the Pennsylvania subsidiary's COVID-19 deferral balance. The Pennsylvania subsidiary's view of its rate base is $5.1 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 10.0% and 44.8%, respectively.

On December 15, 2022, the Illinois Commerce Commission issued an order approving the adjustment of base rates requested in a rate case filed on February 10, 2022, by the Company's Illinois subsidiary. As updated in the Illinois subsidiary's June 29, 2022 rebuttal filing, the request sought $83 million in additional annualized revenues, excluding previously recovered infrastructure surcharges. The general rate case order approved a $67 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $18 million, effective January 1, 2023, based on an authorized return on equity of 9.78%, authorized rate base of $1.64 billion, a common equity ratio of 49.0% and a debt ratio of 51.0%. The annualized revenue increase is being driven primarily by significant water and wastewater system capital investments since the Illinois subsidiary's 2017 rate case order that have been completed or are planned through December 31, 2023, expected higher pension and other postretirement benefit costs, and increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On June 30, 2023, the Company's Kentucky subsidiary filed a general rate case requesting $26 million in additional annualized revenues, excluding infrastructure surcharges of $10 million. An order is expected in the general rate case by the end of the first quarter of 2024.

On May 1, 2023, the Company's West Virginia subsidiary filed a general rate case requesting $45 million in additional annualized revenues, excluding previously approved infrastructure surcharges of $7 million. The general rate case includes a future test year capturing planned investment through 2025 and an order is expected to be reached by February 25, 2024. On June 30, 2023, the West Virginia subsidiary filed its annual infrastructure surcharge requesting $8 million in additional annualized revenues for planned investment through 2024. The infrastructure surcharge will be aligned with the investments recognized in the general rate case if the future test year is approved.

On March 31, 2023, the Company's Indiana subsidiary filed a general rate case requesting $87 million in additional annualized revenues, excluding $41 million of revenue from infrastructure filings already approved, which includes three step increases, with $43 million of the increase to be included in rates in January 2024, $18 million in May 2024, and $26 million in May 2025. An order is expected in the general rate case by the end of January 2024.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant water sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2023:

(In millions)	**Effective Date**	**Amount**
Infrastructure surcharges by state:		
New Jersey	(a)	$ 17
Indiana	(b)	26
Missouri	January 16, 2023	14
Pennsylvania	January 1, 2023	3
West Virginia	January 1, 2023	7
Total infrastructure surcharge authorizations		$ 67

(a) In 2023, $1 million was effective June 29 and $16 million was effective April 29.

(b) In 2023, $20 million was effective March 23 and $6 million was effective March 8.

Pending Infrastructure Surcharge Filings

On March 1, 2023, the Company's Kentucky subsidiary filed an infrastructure surcharge proceeding requesting $4 million in additional annualized revenues. An order is expected in this proceeding in the third quarter of 2023. The infrastructure surcharge will reset to zero once the pending general rate case becomes effective which is expected by the end of the first quarter of 2024.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would become effective in January 2024. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which would be effective 2024 through 2026.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the New Jersey Board of Public Utilities ("NJBPU") that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. The Company's New Jersey subsidiary filed its brief in support of the appeal on March 4, 2022. Response and Reply briefs were filed on June 22, 2022, and August 4, 2022, respectively. Oral argument was held on March 22, 2023, and the Company expects a decision by the end of 2023. There is no financial impact to the Company as a result of the NJBPU's order, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
(In millions)				
Operating revenues	$ 1,097	$ 937	$ 2,035	$ 1,779
Operating expenses:				
Operation and maintenance	419	376	812	740
Depreciation and amortization	174	163	346	321
General taxes	73	71	151	145
Other	(1)	—	(1)	—
Total operating expenses, net	665	610	1,308	1,206
Operating income	432	327	727	573
Other income (expense):				
Interest expense	(110)	(106)	(225)	(206)
Interest income	15	12	29	25
Non-operating benefit costs, net	8	20	17	39
Other, net	12	17	23	32
Total other (expense)	(75)	(57)	(156)	(110)
Income before income taxes	357	270	571	463
Provision for income taxes	77	52	121	87
Net income attributable to common shareholders	$ 280	$ 218	$ 450	$ 376

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Form 10-Q within "Other." Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the seller promissory note and income from the revenue share agreement from the sale of HOS, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
(In millions)				
Operating revenues	$ 1,005	$ 865	$ 1,865	$ 1,643
Operation and maintenance	345	321	675	636
Depreciation and amortization	172	157	341	312
General taxes	68	68	141	136
Other	(1)	—	(1)	—
Other income (expenses)	(70)	(53)	(138)	(97)
Provision for income taxes	73	47	119	83
Net income attributable to common shareholders	$ 278	$ 219	$ 452	$ 379

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
(In millions)				
Water services:				
Residential	$ 554	$ 484	$ 1,015	$ 912
Commercial	198	174	369	327
Fire service	39	37	78	73
Industrial	38	38	76	74
Public and other	83	63	148	122
Total water services	912	796	1,686	1,508
Wastewater services:				
Residential	57	42	111	83
Commercial	16	11	30	21
Industrial	2	1	4	2
Public and other	7	4	13	7
Total wastewater services	82	58	158	113
Other (a)	11	11	21	22
Total operating revenues	$ 1,005	$ 865	$ 1,865	$ 1,643

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Billed water services volumes:				
Residential	40,267	38,005	74,075	72,165
Commercial	18,712	18,361	35,548	34,700
Industrial	8,615	9,506	17,455	18,125
Fire service, public and other	13,594	12,448	25,282	24,204
Total billed water services volumes	81,188	78,320	152,360	149,194

For the three months ended June 30, 2023, operating revenues increased $140 million, primarily due to a $110 million increase from authorized rate increases, including infrastructure surcharges, principally to fund infrastructure investment in various states. In addition, operating revenues were higher by $10 million from water and wastewater acquisitions and organic growth in existing systems, as well as an $18 million estimated increase primarily due to drier than normal weather in the second quarter of 2023.

For the six months ended June 30, 2023, operating revenues increased $222 million, primarily due to a $181 million increase from authorized rate increases, including infrastructure surcharges, principally to fund infrastructure investment in various states. In addition, operating revenues were higher by $21 million from water and wastewater acquisitions and organic growth in existing systems, as well as an $18 million estimated increase primarily due to drier than normal weather in the second quarter of 2023.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

(In millions)	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Employee-related costs	$ 130	$ 126	$ 259	$ 252
Production costs	106	93	199	177
Operating supplies and services	57	55	114	112
Maintenance materials and supplies	21	20	43	42
Customer billing and accounting	16	14	29	27
Other	15	13	31	26
Total	$ 345	$ 321	$ 675	$ 636

For the three and six months ended June 30, 2023, operation and maintenance expense increased $24 million and $39 million, respectively, primarily due to inflationary impacts from increased fuel, power, and chemicals costs and an increase in employee headcount to support growth of the business.

Depreciation and Amortization

For the three and six months ended June 30, 2023, depreciation and amortization increased $15 million and $29 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and acquisitions.

Other Income (Expenses)

For the three and six months ended June 30, 2023, other (expenses) increased $17 million and $41 million, respectively, due to higher interest expense as a result of an $800 million long-term debt issuance in May 2022 and higher interest rates on short-term debt. The increase was also due to higher net periodic pension and other postretirement benefit costs in the current period.

Provision for Income Taxes

For the three and six months ended June 30, 2023, the Regulated Businesses' provision for income taxes increased $26 million and $36 million. The Regulated Businesses' effective income tax rate was 20.8% and 17.7% for the three months ended June 30, 2023 and 2022, respectively, and 20.8% and 18.0% for the six months ended June 30, 2023 and 2022, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders. The amortization of EADIT is generally offset with a reduction in revenue.

Other

Presented in the table below is information for Other:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
(In millions)				
Operating revenues	$ 92	$ 72	$ 170	$ 136
Operation and maintenance	74	54	137	104
Depreciation and amortization	2	6	5	9
Interest expense	(20)	(30)	(48)	(60)
Interest income	9	12	22	25
Provision for income taxes	4	5	2	4
Net income (loss) attributable to common shareholders	2	(1)	(2)	(3)

Operating Revenues

For the three and six months ended June 30, 2023, operating revenues increased $20 million and $34 million, respectively, due primarily to the increase in capital projects in MSG, primarily at the United States Military Academy at West Point, New York and revenue for Naval Station Mayport in Jacksonville, Florida, awarded on June 30, 2022, with the performance start date for operation on March 1, 2023.

Operation and Maintenance

For the three and six months ended June 30, 2023, operation and maintenance expense increased $20 million and $33 million, respectively, primarily due to costs associated with the increased capital projects in MSG.

Legislative Updates

During 2023, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of July 26, 2023:

- California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and was effective on January 1, 2023.
- Indiana passed House Bill 1417, which allows for deferred accounting and subsequent recovery through rates of regulatory assets, with or without Indiana Utility Regulatory Commission (the "IURC") approval. There are several requirements: (i) the costs must be deferred as a regulatory asset, (ii) only incremental costs may be deferred, and (iii) the IURC must find the costs to be reasonable and prudent. Legislation was signed by the Governor and became effective on April 20, 2023.
- Indiana passed Senate Bill 180, which allows for consolidated revenue to support post-acquisition capital improvements in wastewater systems via a service enhancement improvement recovery mechanism. Legislation was signed by the Governor and became effective on May 1, 2023.
- Illinois passed House Bill 1105, which provides that property belonging to a public utility that provides water or sewer service may not be taken or damaged by eminent domain without prior approval from the Illinois Commerce Commission. Legislation was signed by the Governor and became effective on June 9, 2023.

- Illinois passed Senate Bill 250 (Public Act 103-0006), which contains supplemental appropriations for the previous fiscal year 2023 and appropriations for fiscal year 2024. This bill contains a $5 million appropriation to the Department of Commerce and Economic Opportunity for purposes of grants pursuant to the Water and Sewer Financial Assistance Act (Public Act 102-262) which was an initiative of the Company's Illinois subsidiary during the 102nd General Assembly. Legislation was signed by the Governor on June 7, 2023, and the appropriation became effective July 1, 2023.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey water service system assets (the "Monterey system assets") of the Company's California subsidiary ("Cal Am") are the subject of a potential condemnation action by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. On April 1, 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider.

By letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requesting access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. Notwithstanding the denial by LAFCO of the MPWMD's application seeking to be a retail water provider, the MPWMD notified Cal Am by letter dated April 3, 2023, of its offer to purchase the Monterey system assets for $448.8 million. On April 28, 2023, Cal Am rejected the MPWMD's offer. The MPWMD has reserved its right to determine whether to acquire the Monterey system assets through the exercise of eminent domain. For more information on the lawsuit against LAFCO, see Item 3—Legal Proceedings in the Form 10-K and Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets—Local Area Formation Commission Litigation in this Form 10-Q.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a Corporate Alternative Minimum Tax ("CAMT") provision, effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1 billion. An applicable corporation must make several adjustments to net income when determining AFSI. The Company evaluated the potential impacts of the CAMT provision within the IRA and believes it does not exceed the $1 billion AFSI threshold, and therefore, is not currently subject to CAMT in 2023. The Company is continuing to assess the impact of the initial guidance regarding the application of the CAMT and will continue to monitor as additional guidance is released.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets, future issuances of equity, and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of a seller promissory note, plus interest, and a contingent cash payment payable upon satisfaction of certain conditions on or before December 31, 2023. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of its common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of AWCC, the wholly owned finance subsidiary of American Water, and for general corporate purposes.

On June 29, 2023, AWCC, issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder is being used for general corporate purposes. See Note 7—Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. Subject to satisfying certain conditions, the credit agreement also permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million and to request extensions of its expiration date for up to two one-year periods. As of June 30, 2023 and December 31, 2022, there were no borrowings under the revolving credit facility. As of June 30, 2023 and December 31, 2022, there were $75 million and $78 million, respectively, of outstanding letters of credit under the revolving credit facility. At June 30, 2023, there was no outstanding short-term debt as the net proceeds of the Notes were used to repay the short-term commercial paper obligations. At December 31, 2022, the weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.41%.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility as of June 30, 2023 and December 31, 2022, as well as the available capacity for each:

	As of June 30, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of June 30, 2023	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.68 billion as of June 30, 2023, may be accessed through revolver draws.

	As of December 31, 2022		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,177)	(78)	(1,255)
Remaining availability as of December 31, 2022	$ 1,423	$ 72	$ 1,495

(a) Total remaining availability of $1.50 billion as of December 31, 2022, may be accessed through revolver draws.

Presented in the table below is the Company's total available liquidity as of June 30, 2023 and December 31, 2022, respectively:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2023	$ 794	$ 2,675	$ 3,469
Available liquidity as of December 31, 2022	$ 85	$ 1,495	$ 1,580

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

The Company had entered into eleven 10-year treasury lock agreements, with notional amounts totaling $300 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In June 2023, the Company terminated the treasury lock agreements realizing a net gain of $3 million included in Other, net in the accompanying Consolidated Statements of Operations.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2023 or 2022.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Six Months Ended June 30,	
	2023	2022
(In millions)		
Net income	$ 450	$ 376
Add (less):		
Depreciation and amortization	346	321
Deferred income taxes and amortization of investment tax credits	74	(33)
Other non-cash activities (a)	(34)	(17)
Changes in working capital (b)	(102)	(420)
Pension and non-pension postretirement benefit contributions	(20)	(31)
Net cash provided by operating activities	$ 714	$ 196

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in working capital include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other current assets and liabilities, net.

For the six months ended June 30, 2023, cash provided by operating activities increased $518 million, primarily due to changes in deferred taxes and working capital. The change in deferred taxes was driven by the settlement of the deferred tax liability related to the Company's New York regulated operations that was sold in the first quarter of 2022. The changes in working capital were driven by $280 million of estimated tax payments for taxable gains on the sales of the Company's Homeowner Services Group and its New York regulated operations in the first half of 2022.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Six Months Ended June 30,	
	2023	2022
(In millions)		
Net capital expenditures	$ (1,153)	$ (995)
Acquisitions, net of cash acquired	(33)	(240)
Net proceeds from sale of assets	—	608
Other investing activities, net (a)	(78)	(49)
Net cash used in investing activities	$ (1,264)	$ (676)

(a) Includes removal costs from property, plant and equipment retirements.

For the six months ended June 30, 2023, cash used in investing activities increased $588 million, primarily due to proceeds received from the sale of the Company's New York operations in the first quarter of 2022 and increased payments for capital expenditures and acquisitions. The Company plans to invest approximately $2.9 billion across its footprint in 2023.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

	For the Six Months Ended June 30,	
	2023	2022
(In millions)		
Proceeds from long-term debt	$ 1,160	$ 811
Repayments of long-term debt	(170)	(7)
Net proceeds from common stock financing	1,688	—
Net short-term repayments with maturities less than three months	(1,175)	(164)
Debt issuance costs and make-whole premium on early debt redemption	(13)	(7)
Dividends paid	(257)	(228)
Other financing activities, net (a)	24	36
Net cash provided by financing activities	$ 1,257	$ 441

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the six months ended June 30, 2023, cash provided by financing activities increased $816 million, primarily due to the common stock financing and issuance of long-term debt. This was partially offset by repayment in full of the short-term commercial paper obligations during the first half of 2023.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On June 30, 2023, the Company's ratio was 0.56 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of July 26, 2023, as issued by Moody's Investors Service on December 19, 2022, and S&P Global Ratings on February 6, 2023:

Securities	Moody's Investors Service	Standard & Poor's Ratings Service
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. None of the Company's borrowings are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, energy, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

Financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2023.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2023, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

On March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provides Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings to be scheduled in a Phase 2 to this CPUC proceeding will focus on updated supply and demand estimates for the Water Supply Project.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 final decision and its December 2022 final decision, as amended by its March 30, 2023 rehearing decision.

Water Supply Project Land Acquisition and Slant Well Site Use

The Monterey County Superior Court has reset the trial date to February 21, 2024 for the City of Marina's lawsuit against Cal Am and CEMEX regarding claims of breach of contract and declaratory relief.

Challenges Related to Compliance with California's Sustainable Groundwater Management Act

On May 3, 2023, the City filed a second reverse validation complaint, challenging the adoption of amendments to the GSP for the 180/400 subbasin, which complaint has also been stayed.

Proposed Acquisition of Monterey System Assets — Local Area Formation Commission Litigation

Notwithstanding the denial by LAFCO of the MPWMD's application seeking to be a retail water provider, which is currently being challenged by the MPWMD, the MPWMD notified Cal Am by letter dated April 3, 2023, of its offer to purchase the Monterey system assets for $448.8 million. On April 28, 2023, Cal Am rejected the MPWMD's offer. The MPWMD has reserved its right to determine whether to acquire the Monterey system assets through the exercise of eminent domain.

Dunbar, West Virginia Water Main Break Class Action Litigation

On June 8, 2023, the Petition for Writ of Prohibition filed by WVAWC in the Supreme Court of Appeals of West Virginia challenging the West Virginia Circuit Court's July 5, 2022 order was denied. The case will now return to the circuit court for further discovery, rulings and ultimately a class trial on issues relating to duty and breach of that duty. The trial will not find class-wide damages or punitive damages. The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint, and WVAWC is vigorously defending itself against these allegations.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended June 30, 2023. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through June 30, 2023, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.2	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.1).
*10.1	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents.
*10.2	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Stock Unit Grant Form for Non-Employee Directors.
*31.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of July, 2023.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Execution Version

FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This First Amendment to Third Amended and Restated Credit Agreement (this "Amendment"), dated as of June 21, 2023, is entered into by and among **AMERICAN WATER CAPITAL CORP.**, a Delaware corporation (the "Borrower"), the Lenders from time to time party hereto (collectively, the "Lenders"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as Administrative Agent for the Lenders.

RECITALS

A. The Borrower, the Lenders, and the Administrative Agent are party to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022 (the "Credit Agreement"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement as amended by this Amendment.

B. The Borrower has requested that the Lenders amend the Credit Agreement on the terms and conditions set forth herein.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

AMENDMENTS TO CREDIT AGREEMENT

1.1 Section 6.01 of the Credit Agreement is hereby amended by amending and restating subsection (e) in its entirety as follows (the modifications to such definition indicated textually as bold and double-underlined text):

(e) the Borrower, the Parent or any Significant Subsidiary of the Parent shall fail to pay any principal of or premium or interest on any Debt (excluding Debt evidenced by this Agreement and any Notes, but including, for purposes of this provision, obligations of the Parent under Section 4 of the Support Agreement) in an aggregate amount in excess of (i) $125,000,000, in the case of the Borrower, (ii) $125,000,000, in the case of the Parent or any Significant Subsidiary other than the Borrower or (iii) $250,000,000, in the aggregate, in the case of all of the Significant Subsidiaries of the Parent, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of (with the giving of notice and/or lapse of time, if required), the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; provided that **(1)** if such failure, default, event or condition shall be cured by the Borrower, the Parent or such Significant Subsidiary or waived by the holders of such Debt and any acceleration of maturity having resulted from such failure, default, event or condition shall be rescinded or annulled, in

each case in accordance with the terms of such agreement or instrument, without any modification of the terms of such Debt requiring the Borrower, the Parent or such Significant Subsidiary to furnish additional or other security therefor, furnish additional or other guarantees thereof, reduce the average life to maturity thereof, increase the principal amount thereof or the interest rate thereon, or any agreement by the Borrower, the Parent or such Significant Subsidiary to furnish additional or other security therefor, furnish additional or other guarantees thereof, or to issue Debt in lieu thereof which is secured by additional or other collateral or additional or other guarantees or with a shorter average life to maturity or in a greater principal amount or with a greater interest rate thereon, then any default hereunder by reason thereof shall be deemed likewise to have been thereupon cured or waived unless payment of the Loans hereunder has been accelerated prior to such cure or waiver **or (2) this subsection (e) shall not apply to (A) (x) any event that permits holders of any Debt constituting convertible or exchangeable indebtedness to convert or exchange such Debt; or (y) the conversion or exchange of such Debt, in either case, into Common Stock of the Parent (or other securities or property following a merger event, reclassification or other change of the Common Stock of the Parent), cash (including in lieu of fractional shares of Common Stock of the Parent) or a combination thereof in accordance with the terms thereof; or (B) any termination of any related swap or hedging instrument; or**;

ARTICLE II

CONDITIONS OF EFFECTIVENESS

2.1 The amendment set forth in **ARTICLE I** shall become effective as of the date when, and only when, the Administrative Agent shall have received an executed counterpart of this Amendment from the Borrower and Lenders constituting Required Lenders.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 To induce the Administrative Agent and the Lenders to enter into this Amendment, the Borrower represents and warrants on and as of the date hereof that: (i) it has taken all necessary action to authorize the execution, delivery and performance of this Amendment, (ii) this Amendment has been duly executed and delivered by the Borrower and constitutes the Borrower's legal, valid and binding obligations, enforceable in accordance with its terms, except to the extent that enforceability of this Amendment may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforceability of creditors' rights generally, (iii) no consent, approval, exemption, order or authorization of, or a registration or filing with, any governmental body, agency or official or any other Person is required by any applicable law or any agreement as a condition to the execution, delivery and carrying out of this Amendment by the Borrower, (iv) the representations and warranties set forth in Article IV of the Credit Agreement are true and correct in all material respects (or if qualified by materiality or material adverse effect or material adverse change, in all respects), (v) both before and after giving effect to this Amendment, no event has occurred

and is continuing which constitutes an Event of Default or Default and (vi) the Obligations are not reduced by this Amendment and are not subject to any offsets, defenses or counterclaims.

ARTICLE IV

ACKNOWLEDGEMENT AND CONFIRMATION

4.1 The Borrower hereby confirms and agrees that, after giving effect to this Amendment, the Credit Agreement and the other Loan Documents to which it is a party remain in full force and effect and enforceable against such party in accordance with their respective terms, as modified hereby, and shall not be discharged, diminished, limited or otherwise affected in any respect.

ARTICLE V

MISCELLANEOUS

5.1 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

5.2 Loan Document. As used in the Credit Agreement, “hereinafter,” “hereto,” “hereof,” and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement after amendment by this Amendment. Any reference to the Credit Agreement or any of the other Loan Documents herein or in any such documents shall refer to the Credit Agreement and the other Loan Documents as amended hereby. This Amendment is limited to the matters expressly set forth herein, and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Credit Agreement except as expressly set forth herein. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

5.3 Expenses. The Borrower shall pay all reasonable and documented fees and expenses of counsel to the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Amendment.

5.4 Severability. To the extent any provision of this Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in any such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

5.5 Successors and Assigns. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto.

5.6 Construction. The headings of the various sections and subsections of this Amendment have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

5.7 Counterparts; Integration. This Amendment may be executed and delivered via facsimile or electronic format with the same force and effect as if an original were executed and may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures hereto were upon the same instrument. The words “executed,” “signed,” “signature,” and words of like import shall be deemed to include electronic signatures

or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. This Amendment constitutes the entire contract among the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the date first above written.

AMERICAN WATER CAPITAL CORP.

By: /s/ DAVID M. BOWLER
Name: David M. Bowler
Title: Vice President and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, an LC Issuing Bank, a Swingline Bank and a Lender

By: /s/ GREGORY R. GREDVIG
Name: Gregory R. Gredvig
Title: Director

JPMORGAN CHASE BANK, N.A., as an LC Issuing Bank, and a Lender

By: /s/ NANCY R. BARWIG
Name: Nancy R. Barwig
Title: Executive Director

BANK OF AMERICA, N.A., as a Lender

By: /s/ DILCIA PĚNA HILL
Name: Dilcia P. Hill
Title: Senior Vice President

MIZUHO BANK, LTD., as a Lender and LC Issuing Bank

By: /s/ EDWARD SACKS
Name: Edward Sacks
Title: Authorized Signatory

ROYAL BANK OF CANADA, as a Lender

By: /s/ MEG DONNELLY
Name: Meg Donnelly
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ JAMES O'SHAUGHNESSY
Name: James O'Shaughnessy
Title: Vice President

TD BANK, N.A., as a Lender

By: /s/ STEVE LEVI
Name: Steve Levi
Title: Senior Vice President

TRUIST BANK, as a Lender

By: /s/ JUSTIN LIEN
Name: Justin Lien
Title: Director

REGIONS BANK, as a Lender

By: /s/ ADAM KRUITHOF
Name: Adam Kruithof
Title: Director

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ DAVID DEWAR
Name: David Dewar
Title: Director

THE HUNTINGTON NATIONAL BANK, as a Lender

By: /s/ CHRISTOPHER OLSEN
Name: Christopher Olsen
Title: Vice President

THE BANK OF NEW YORK MELLON, as a Lender

By: /s/ MOLLY H. ROSS
Name: Molly H. Ross
Title: Vice President

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ ANDREW D. HOLTZ
Name: Andrew D. Holtz
Title: Senior Vice President

Exhibit 10.2

AMERICAN WATER WORKS COMPANY, INC.

2017 OMNIBUS EQUITY COMPENSATION PLAN

STOCK UNIT GRANT

This STOCK UNIT GRANT, dated as of May 10, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") has determined to grant each non-employee director of the Company on the date of the Company's 2023 Annual Meeting of Shareholders a stock unit grant that will be converted to shares of common stock of the Company, par value $0.01 per share, (the "Company Stock") at a later date;

WHEREAS, the Participant is a non-employee director on the Board; and

WHEREAS, the Board has determined that the stock unit grant granted to the Participant shall be issued under the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan") and the terms and conditions of such stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Stock Units"). Each Stock Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable distribution date, as described in Paragraph 4 below.

2. Stock Unit Account. The Company shall establish and maintain a Stock Unit account as a bookkeeping account on its records (the "Stock Unit Account") for the Participant and shall record in such Stock Unit Account the number of Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Stock Unit Account established for the Participant.

3. Vesting. The Participant shall be fully vested in the Stock Units credited to the Participant's Stock Unit Account pursuant to this Grant on the Date of Grant.

4. Distribution. The Stock Units shall be converted to shares of Company Stock and distributed by the Company within thirty (30) days following the earlier of (i) August 16, 2024 (the "Specified Date") (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), (ii) the Participant's separation from service (within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) with the Company (the "Separation from Service Date"), or (iii) the date of a Change of Control (as defined below) (the "Change of Control Date"). At the time of distribution, all Stock Units shall be converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of this Grant, the term "Change of Control" shall have the same meaning as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant

unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Code and its corresponding regulations.

5. Deferrals. The Participant may make an irrevocable election to defer the Specified Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Stock Units, plus dividend equivalents earned on such Stock Units as described in Paragraph 6 below, to a later date, provided that (i) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (ii) the deferred Specified Date cannot be earlier than five (5) years from the original Specified Date under Paragraph 4 (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (iii) the election must be made no less than twelve (12) months prior to the date of the Specified Date (or twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Specified Date, the Participant must elect to defer 100% of the Stock Units, including corresponding dividend equivalents, granted to the Participant under this Grant and complete the deferral election form provided to the Participant, in the form attached hereto as Exhibit A or as may subsequently modified in the discretion of the Board. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Separation from Service Date or Change of Control Date occurs prior to the Deferred Date, the distribution of the Participant's Stock Units, plus corresponding dividend equivalents, will be made as a result of the occurrence of the Separation from Service Date or Change of Control Date, whichever is earlier. If a Specified Date is delayed one or more times pursuant to this Paragraph 5, the new Specified Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the earlier of the Specified Date (or the Deferred Date, if elected), Separation from Service Date or Change of Control Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Stock Units credited to the Participant's Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Stock Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Stock Units, and, in the event of a Change of Control, the Board may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law. The Participant also hereby agrees to be bound by the terms and conditions of the Plan and this Grant. The Participant further agrees to be bound by the determinations and decisions of the Board with respect to this Grant and the Plan and the Participant's rights to benefits under this Grant and the Plan, and

agrees that all such determinations and decisions of the Board shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) The obligation of the Company to deliver shares of Company Stock upon the distribution of the Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(b) As a condition to receive any shares of Company Stock upon conversion of the Stock Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and its Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the distribution of the Stock Units shall not be transferred or disposed of by any means until the Participant owns enough shares of Company Stock, or shares underlying stock units convertible into shares of Company Stock, or time-based restricted Company Stock, to meet or exceed five (5) times the Participant's annual cash retainer, which ownership requirement must be satisfied by the fifth (5th) anniversary of the Participant's commencement of service as a director on the Board.

10. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of the shares of Company Stock, (iii) changes in capitalization of the Company, and (iv) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder and the Participant's acceptance of this Grant is the Participant's agreement to be bound by the interpretations and decisions of the Board with respect to this Grant and the Plan.

11. No Rights as Shareholder. The Participant shall not have any rights as a shareholder of the Company, including the right to any cash dividends (except with respect to the

dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Stock Units.

12. No Rights to Continued Service. This Grant shall not confer upon the Participant any right to be retained in the service of the Employer (as defined in the Plan) and shall not interfere in any way with the right to terminate the Participant's service at any time. The right to terminate at will the Participant's service at any time for any reason is specifically reserved.

13. Assignment and Transfers. No Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Stock Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Stock Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

14. Withholding. To the extent required by applicable law, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the Grant, vesting or distribution of the Stock Units and dividend equivalents.

15. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

16. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

17. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by facsimile, e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means), or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

18. Section 409A of the Code.

(a) This Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered to avoid any penalty sanctions under section 409A of the Code. If any distribution cannot be provided or made at the time specified herein or as elected by the Participant, then such distribution shall be provided in full at the earliest time thereafter when such sanctions cannot be imposed. Except according to a valid election made pursuant to Paragraph 5 above, in no event may the Participant designate the calendar year of distribution.

(b) Notwithstanding any provision to the contrary in this Grant, if any of the distributions under this Grant are payable to the Participant upon separation from service (within the meaning of section 409A of the Code) from the Employer, then if at the time of the Participant's separation from service the Participant is a "specified employee" (as such term is defined in section 409A(2)(B)(i) of the Code and its corresponding regulations) as determined by the Company (or any successor thereto) in its sole discretion in accordance with its specified employee determination policy, then all distributions to the Participant pursuant to this Grant shall be postponed for a period of six (6) months following the Participant's separation from service from the Employer. The postponed amounts shall be distributed to the Participant in a lump sum within thirty (30) days after the date that is six (6) months following the Participant's separation from service from the Employer. If the Participant dies during such six (6)-month period and prior to the distribution of the postponed amounts hereunder, the amounts delayed on account of section 409A of the Code shall be distributed to the personal representative of the Participant's estate within sixty (60) days after the date of the Participant's death, and any amounts not delayed shall be distributed to the personal representative of the Participant's estate in accordance with the terms of this Grant.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: President and CEO

EXHIBIT A

SUBSEQUENT DEFERRAL ELECTION FORM

PART A. TIME OF DISTRIBUTION

I, _____, (the "Participant") hereby irrevocably elect to have all of the Stock Units, plus corresponding dividend equivalents, (the "Deferred Units") granted to me pursuant to the Stock Unit Grant, dated as of May 10, 2023, (the "Grant") under the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan") that would have been distributed by American Water Works Company, Inc. to me on the Specified Date (as defined in the Grant), instead be distributed to me on the deferred date designated below (the "Deferred Date"), which date must be at least five (5) years later than the Specified Date, and this election is at least twelve (12) months prior to the Specified Date (to make this deferral election you must defer all of the Stock Units, plus corresponding dividend equivalents, granted to you pursuant the Grant, meaning there is no partial deferral):

Number of Stock Units, and Dividend Equivalents, to be Further Deferred (All Must Be Deferred)	**Original Specified Date** (Election Must Be Made at Least 12 Months Prior to the Specified Date)	**Deferred Date** (Must be a date that is at least 5 years later than the Original Specified Date)
100%	August 16, 2024	

PART B. ACKNOWLEDGMENT

I understand and expressly agree that (i) the Deferred Date for the Deferred Units shall be the date I specified in Part A above (which is a date that is at least five (5) years later than the original Specified Date), and (ii) I will not be entitled to receive distribution of the Deferred Units on an earlier date, except in the event that the Separation from Service Date (as defined in the Grant) or the Change of Control Date (as defined in the Grant) occurs prior to the Deferred Date. I also understand and expressly agree that this deferral election is irrevocable, is being made at least twelve (12) months prior to the original Specified Date, and shall not take effect until twelve (12) months after the date on which I make this election. I further understand and agree that the terms and conditions of the Grant and the Plan are hereby incorporated into this form. Lastly, I understand and agree that this deferral election applies to 100% of the Stock Units, and corresponding dividend equivalents, granted to me pursuant to the Grant.

PARTICIPANT SIGNATURE

Participant: _____ Date: _____

Receipt Acknowledged:

By: _____

Title: _____ Date: _____

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2023

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2023

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)
July 26, 2023

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
July 26, 2023

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of July 23, 2024
Common Stock, par value $0.01 per share	**194,863,034**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at https://amwater.com, an Investor Relations website at https://ir.amwater.com, and a Diversity and Inclusion website at https://diversityataw.com. Information contained on the Company's websites, including its Sustainability Report, its Inclusion, Diversity and Equity Report, and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations and proceedings and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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 herein as a result of the following important factors:

- 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 ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory 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 ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;

- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 33,364	$ 32,189
Accumulated depreciation	(6,832)	(6,751)
Property, plant and equipment, net	26,532	25,438
Current assets:		
Cash and cash equivalents	48	330
Restricted funds	50	34
Accounts receivable, net of allowance for uncollectible accounts of $48 and $51, respectively	393	339
Income tax receivable	17	86
Unbilled revenues	337	302
Materials and supplies	111	112
Other	209	186
Total current assets	1,165	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,138	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	90	86
Goodwill	1,143	1,143
Other	352	416
Total regulatory and other long-term assets	3,518	3,471
Total assets	$ 31,215	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,314,008 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,578	8,550
Retained earnings	1,971	1,659
Accumulated other comprehensive loss	(7)	(26)
Treasury stock, at cost (5,451,187 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,152	9,797
Long-term debt	12,553	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,556	11,718
Total capitalization	22,708	21,515
Current liabilities:		
Short-term debt	—	179
Current portion of long-term debt	575	475
Accounts payable	215	294
Accrued liabilities	607	791
Accrued taxes	108	67
Accrued interest	113	93
Other	207	252
Total current liabilities	1,825	2,151
Regulatory and other long-term liabilities:		
Advances for construction	379	352
Deferred income taxes and investment tax credits	2,780	2,717
Regulatory liabilities	1,434	1,481
Operating lease liabilities	78	73
Accrued pension expense	251	262
Other	200	196
Total regulatory and other long-term liabilities	5,122	5,081
Contributions in aid of construction	1,560	1,551
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 31,215	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,149	$ 1,097	$ 2,160	$ 2,035
Operating expenses:				
Operation and maintenance	427	419	843	812
Depreciation and amortization	193	174	381	346
General taxes	81	73	162	151
Other	(1)	(1)	(1)	(1)
Total operating expenses, net	700	665	1,385	1,308
Operating income	449	432	775	727
Other (expense) income:				
Interest expense	(131)	(110)	(255)	(225)
Interest income	25	15	49	29
Non-operating benefit costs, net	7	8	16	17
Other, net	11	12	18	23
Total other (expense) income	(88)	(75)	(172)	(156)
Income before income taxes	361	357	603	571
Provision for income taxes	84	77	141	121
Net income attributable to common shareholders	$ 277	$ 280	$ 462	$ 450
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.42	$ 1.44	$ 2.37	$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.42	$ 1.44	$ 2.37	$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	190
Diluted	195	195	195	190

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to common shareholders	$ 277	$ 280	$ 462	$ 450
Other comprehensive income, net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended June 30, 2024 and 2023, and $0 for the six months ended June 30, 2024 and 2023	1	—	1	—
Unrealized gain on cash flow hedges, net of tax of $0 for the three months ended June 30, 2024 and 2023, and $3 and $0 for the six months ended June 30, 2024 and 2023, respectively	—	2	19	—
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $0 for the three months ended June 30, 2024 and 2023, and $1 and $0 for the six months ended June 30, 2024 and 2023, respectively	—	(1)	(1)	1
Net other comprehensive income	1	1	19	1
Comprehensive income attributable to common shareholders	$ 278	$ 281	$ 481	$ 451

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Six Months Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 462	$ 450
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	381	346
Deferred income taxes and amortization of investment tax credits	37	74
Provision for losses on accounts receivable	8	9
Pension and non-pension postretirement benefits	(1)	(3)
Other non-cash, net	(27)	(40)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(96)	(83)
Income tax receivable	69	40
Pension contributions	(22)	(20)
Accounts payable and accrued liabilities	(79)	(22)
Accrued taxes	45	19
Other assets and liabilities, net	(50)	(56)
Net cash provided by operating activities	727	714
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,279)	(1,153)
Acquisitions, net of cash acquired	(119)	(33)
Removal costs from property, plant and equipment retirements, net	(73)	(78)
Net cash used in investing activities	(1,471)	(1,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	1,403	1,160
Repayments of long-term debt	(466)	(170)
Net proceeds from common stock financing	—	1,688
Net short-term repayments with maturities less than three months	(179)	(1,175)
Advances and contributions in aid of construction, net of refunds of $16 and $16 for the six months ended June 30, 2024 and 2023, respectively	18	28
Debt issuance costs	(13)	(13)
Dividends paid	(287)	(257)
Other, net	2	(4)
Net cash provided by financing activities	478	1,257
Net (decrease) increase in cash, cash equivalents and restricted funds	(266)	707
Cash, cash equivalents and restricted funds at beginning of period	364	117
Cash, cash equivalents and restricted funds at end of period	$ 98	$ 824
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 375	$ 343

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	$ 2	$ 8,578	$ 1,971	$ (7)	(5.5)	$ (392)	$ 10,152

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	170	—	—	—	170
Common stock issuances (a)	12.7	—	1,695	—	—	—	(11)	1,684
Balance as of March 31, 2023	200.1	$ 2	$ 8,519	$ 1,437	$ (23)	(5.4)	$ (388)	$ 9,547
Net income attributable to common shareholders	—	—	—	280	—	—	—	280
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7075 declared per common share)	—	—	—	(137)	—	—	—	(137)
Balance as of June 30, 2023	200.1	$ 2	$ 8,529	$ 1,580	$ (22)	(5.4)	$ (388)	$ 9,701

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of June 30, 2024, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of June 30, 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Segment Reporting	The guidance in this standard expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit and loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements.	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024	Retrospective	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	January 1, 2025	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarters of 2024 and 2023, the NJEDA issued the utilization certificates for the 2021 and 2020 tax credits, respectively, to the Company in the amount of $16 million each. The Company sold these tax credits to an external party for $15 million each. As of June 30, 2024, the Company had assets of $15 million in other current assets and $90 million in other long-term assets on the Consolidated Balance Sheets for the 2022 through 2028 tax credits. As of December 31, 2023, the Company had assets of $32 million in other current assets and $90 million in other long-term assets on the Consolidated Balance Sheets for the 2021 through 2028 tax credits. The Company has made the necessary annual filing for the years ended December 31, 2023 and 2022. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2022 tax credits in 2024 and the 2023 tax credits in 2025.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the six months ended June 30:

	2024	2023
Balance as of January 1	$ (51)	$ (60)
Amounts charged to expense	(8)	(9)
Amounts written off	12	13
Other, net (a)	(1)	4
Balance as of June 30	$ (48)	$ (52)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2024:

	Effective Date	Amount
General rate cases by state:		
Pennsylvania	August 7, 2024	$ 99
Indiana, Step Increases	(a)	48
Kentucky	May 3, 2024 (b)	11
West Virginia	February 25, 2024	18
Total general rate case authorizations		$ 176

(a) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

(b) Interim rates were effective February 6, 2024, and the difference between interim and final approved rates are subject to refund.

On July 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions that remain pending, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates will take effect on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates is subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. The petition for rehearing also requested that any revisions become effective February 6, 2024, with any difference between the adjusted amount and initial approved rates subject to refund or collection. On May 28, 2024, the KPSC granted the request for rehearing, and the Kentucky subsidiary expects resolution of this proceeding later in 2024.

On February 23, 2024, the West Virginia Public Service Commission issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.10% and a long-term debt ratio of 49.90%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund.

On May 1, 2024, the Company's Tennessee subsidiary filed a general rate case requesting approximately $14 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 54.52% and debt component of 45.48%. The requested annualized revenue increase is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 25, 2024, the Company's Illinois subsidiary filed tariffs for new water and wastewater rates. The request seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $132 million, excluding infrastructure surcharges of $5 million, effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on a future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The requested increases are driven primarily by an estimated $557 million in capital investments to be made by the Illinois subsidiary from January 2024 through December 2025. The request also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery. The requested increase was subsequently updated in the Illinois subsidiary's June 20, 2024, rebuttal filing, with the first step request adjusted to $140 million in additional annualized revenues.

On January 19, 2024, the Company's New Jersey subsidiary filed a general rate case requesting approximately $162 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 56.30% and a debt component of 43.70%. The requested annualized revenue increase is driven primarily by approximately $1.3 billion in capital investments made and to be made by the New Jersey subsidiary through December 2024. The request also proposes a revenue decoupling mechanism and seeks a deferral of certain production cost adjustments.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the California Public Utilities Commission ("CPUC") granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. On November 17, 2023, the California subsidiary filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by the California subsidiary to be $20 million in the 2024 test year, $16 million in the 2025 escalation year, and $15 million in the 2026 attrition year. The partial settlement agreement addresses the California subsidiary's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate the California subsidiary's revenue and water sales. New rates would be implemented retroactively to January 1, 2024, upon a final decision issued by the CPUC approving the partial settlement agreement and resolving the other issues not addressed by the partial settlement agreement, which is expected to occur in the second half of 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the West Virginia Public Service Commission directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Pending Infrastructure Surcharge Filings

On June 28, 2024, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $4 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which, if adopted, will become effective upon receiving an order in the current pending rate case.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 579	$ 1	$ 580
Commercial	216	1	217
Fire service	41	—	41
Industrial	46	—	46
Public and other	68	—	68
Total water services	950	2	952
Wastewater services:			
Residential	60	—	60
Commercial	16	—	16
Industrial	3	—	3
Public and other	9	—	9
Total wastewater services	88	—	88
Miscellaneous utility charges	10	—	10
Alternative revenue programs	—	5	5
Lease contract revenue	—	2	2
Total Regulated Businesses	1,048	9	1,057
Other	92	—	92
Total operating revenues	$ 1,140	$ 9	$ 1,149

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* (“ASC 606”), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 554	$ —	$ 554
Commercial	198	—	198
Fire service	39	—	39
Industrial	38	—	38
Public and other	75	—	75
Total water services	904	—	904
Wastewater services:			
Residential	57	—	57
Commercial	16	—	16
Industrial	2	—	2
Public and other	7	—	7
Total wastewater services	82	—	82
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	8	8
Lease contract revenue	—	2	2
Total Regulated Businesses	995	10	1,005
Other	93	(1)	92
Total operating revenues	$ 1,088	$ 9	$ 1,097

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,083	$ 1	$ 1,084
Commercial	403	1	404
Fire service	82	—	82
Industrial	88	—	88
Public and other	124	—	124
Total water services	1,780	2	1,782
Wastewater services:			
Residential	119	—	119
Commercial	32	—	32
Industrial	5	—	5
Public and other	17	—	17
Total wastewater services	173	—	173
Miscellaneous utility charges	19	—	19
Alternative revenue programs	—	7	7
Lease contract revenue	—	4	4
Total Regulated Businesses	1,972	13	1,985
Other	175	—	175
Total operating revenues	$ 2,147	$ 13	$ 2,160

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,015	$ —	$ 1,015
Commercial	369	—	369
Fire service	78	—	78
Industrial	76	—	76
Public and other	131	—	131
Total water services	1,669	—	1,669
Wastewater services:			
Residential	111	—	111
Commercial	30	—	30
Industrial	4	—	4
Public and other	13	—	13
Total wastewater services	158	—	158
Miscellaneous utility charges	17	—	17
Alternative revenue programs	—	17	17
Lease contract revenue	—	4	4
Total Regulated Businesses	1,844	21	1,865
Other	171	(1)	170
Total operating revenues	$ 2,015	$ 20	$ 2,035

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $93 million and $95 million are included in unbilled revenues on the Consolidated Balance Sheets as of June 30, 2024, and December 31, 2023, respectively. Also, contract assets of $28 million are included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2024, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023. Contract liabilities of $55 million and $63 million are included in other current liabilities on the Consolidated Balance Sheets as of June 30, 2024, and December 31, 2023, respectively. Revenues recognized for the six months ended June 30, 2024 and 2023, from amounts included in contract liabilities were $49 million and $68 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of June 30, 2024, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.2 billion as of June 30, 2024, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $638 million as of June 30, 2024, as measured by estimated remaining contract revenue. Some of the Company's long-term contracts to operate and maintain the federal government's, a municipality's or other party's water or wastewater treatment and delivery facilities include responsibility for certain maintenance for some of those facilities, in exchange for an annual fee. Unless specifically required to perform certain maintenance activities, the maintenance costs are recognized when the maintenance is performed.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

On March 11, 2024, the Company's Illinois subsidiary completed the acquisition of a wastewater treatment plant and related assets from Granite City for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities. Assets acquired from this acquisition, principally utility plant, totaled $91 million and liabilities assumed totaled $5 million. This acquisition was accounted for as a business combination and the preliminary purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

In addition to the acquisition of the Granite City wastewater treatment plant and related assets noted above, during the six months ended June 30, 2024, the Company closed on four acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $33 million, which added approximately 7,400 water and wastewater customers. Assets acquired from these acquisitions consisted principally of utility plant. All four of these acquisitions were accounted for as a business combination and the preliminary purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the periods ended June 30, 2024 and 2023.

Pending Acquisitions

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition upon final regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the public wastewater collection and treatment system assets (the "System Assets") from the Butler Area Sewer Authority. On November 9, 2023, the Pennsylvania Public Utility Commission (the "PaPUC") approved a settlement agreement without modification with respect to the Company's Pennsylvania subsidiary's application to acquire the System Assets from the Butler Area Sewer Authority for a purchase price of $230 million, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 15,000 customer connections. On December 14, 2023, Center Township and Summit Township filed appeals with the Pennsylvania Commonwealth Court seeking to reverse the order entered by the PaPUC approving the sale of the System Assets. On December 29, 2023, the Company's Pennsylvania subsidiary filed applications with the Commonwealth Court seeking to dismiss the appeals and requesting expedited consideration. By order dated February 1, 2024, the Commonwealth Court deferred deciding the application to dismiss the appeals and directed that the issues raised by the applications to dismiss are to be considered as part of the merits of the appeals and that the disposition of the appeals was to be expedited. The Company awaits a decision from the Commonwealth Court to proceed with closing.

Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller promissory note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, the secured seller note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity. The Company recognized $20 million and $12 million of interest income during the three months ended June 30, 2024 and 2023, respectively, and $37 million and $25 million of interest income during the six months ended June 30, 2024 and 2023, respectively, from the secured seller note. The secured seller note requires compliance with affirmative and negative covenants (subject to certain conditions, limitations and exceptions), including a covenant limiting the incurrence by the Buyer and certain affiliates of additional indebtedness in excess of certain thresholds, but does not include any financial maintenance covenants. Certain of these covenants have been amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the amendment to the secured seller note eliminated the conditional right, beginning December 9, 2024, to require a repayment, without premium or penalty, of 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations thereunder. The final maturity date of the secured seller note remains December 9, 2026. The repayment obligations of the Buyer under the seller note are secured by a first priority security interest in certain property of the Buyer and the former HOS subsidiaries, including their cash and securities accounts, as well as a pledge of the equity interests in each of those subsidiaries, subject to certain limitations and exceptions.

The secured seller note may not be prepaid at the Buyer's election except in certain limited circumstances before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium ranging from 105.5% to 107.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the six months ended June 30, 2024 and 2023, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain on Fixed-Income Securities	Accumulated Other Comprehensive Loss
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income before reclassifications	—	—	—	19	(1)	18
Amounts reclassified from accumulated other comprehensive loss	—	—	1	—	—	1
Net other comprehensive income	—	—	1	19	(1)	19
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)
Balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive income before reclassifications	—	—	—	—	1	1
Net other comprehensive income	—	—	—	—	1	1
Balance as of June 30, 2023	$ (93)	$ 1	$ 70	$ (1)	$ 1	$ (22)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On June 3, 2024, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of May 14, 2024.

On July 31, 2024, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on September 4, 2024, to shareholders of record as of August 13, 2024. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 23, 2024, American Water Capital Corp. ("AWCC") completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% senior notes due 2034 and $700 million aggregate principal amount of its 5.450% senior notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (1) to lend funds to American Water and the Regulated Businesses; (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the six months ended June 30, 2024, AWCC and the Company's regulated subsidiaries issued in the aggregate $12 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 1.75%, a weighted average interest rate of 0.02%, and maturity dates ranging from 2025 through 2061. $11 million of the private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the six months ended June 30, 2024, were collateralized. During the six months ended June 30, 2024, AWCC and the Company's regulated subsidiaries made sinking fund payments for, or repaid at maturity, $466 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 7.17%, a weighted average interest rate of 4.24%, and maturity dates ranging from 2024 to 2061.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2024 or 2023.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from parent company, which serves as the functional equivalent of a guarantee by parent company of the obligations of AWCC under the Notes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets and, if and to the extent necessary, borrowings under the AWCC revolving credit facility, and, in the future, issuances of equity. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2028. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million and to request extensions of its expiration date for up to two one-year periods, as to which one such extension request remains. As of June 30, 2024, and December 31, 2023, there were no borrowings under the revolving credit facility. As of June 30, 2024, and December 31, 2023, there were $75 million of outstanding letters of credit under the revolving credit facility.

At June 30, 2024, there was no outstanding short-term debt. At December 31, 2023, short-term debt consisting of commercial paper borrowings totaled $180 million, or net of discount $179 million. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 5.51% and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of June 30, 2024	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.7 billion as of June 30, 2024, was accessible through revolver draws.

	As of December 31, 2023		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of June 30, 2024, and December 31, 2023, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2024	$ 48	$ 2,675	$ 2,723
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

Note 9: Income Taxes

The Company's effective income tax rate was 23.3% and 21.6% for the three months ended June 30, 2024 and 2023, respectively, and 23.4% and 21.2% for the six months ended June 30, 2024 and 2023, respectively. The increase in the Company's effective income tax rate for the three and six months ended June 30, 2024, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders and a decrease in deductions related to payments of stock-based compensation benefits.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On June 13, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-47, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments due on or before August 15, 2024. In the absence of a similar extension, the Company will include the CAMT liability in its estimated tax payments starting in the third quarter of 2024. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Components of net periodic pension benefit cost:				
Service cost	$ 4	$ 4	$ 9	$ 8
Interest cost	21	21	42	43
Expected return on plan assets	(23)	(23)	(47)	(46)
Amortization of prior service credit	(1)	(1)	(2)	(2)
Amortization of actuarial loss	6	3	12	7
Net periodic pension benefit cost	$ 7	$ 4	$ 14	$ 10
Components of net periodic other postretirement benefit credit:				
Service cost	$ —	$ —	$ 1	$ 1
Interest cost	3	3	6	7
Expected return on plan assets	(3)	(3)	(6)	(6)
Amortization of prior service credit	(8)	(8)	(16)	(16)
Amortization of actuarial loss	—	—	—	1
Net periodic other postretirement benefit credit	$ (8)	$ (8)	$ (15)	$ (13)

The Company contributed $11 million and $22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2024, respectively, and contributed $10 million and $20 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2023, respectively. The Company expects to make additional pension contributions to the plan trusts of $22 million during the remainder of 2024.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of June 30, 2024, the Company has accrued approximately $7 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $3 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Water Main Break Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. In August 2020, WVAWC filed a Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia seeking to vacate or remand the Circuit Court's order certifying the issues class. In January 2021, the Supreme Court of Appeals remanded the case back to the Circuit Court for further consideration in light of a decision issued in another case relating to the class certification issues raised on appeal. In July 2022, the Circuit Court entered an order again certifying a class to address at trial certain liability issues but not to consider damages. In August 2022, WVAWC filed another Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia challenging the West Virginia Circuit Court's July 2022 order, which petition was denied on June 8, 2023. By order dated June 28, 2024, the Circuit Court set a new date of December 3, 2024, for a class trial on issues relating to duty and breach of that duty. This trial will not find class-wide or punitive damages. Mediation is scheduled to take place in August 2024.

The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint. WVAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot reasonably estimate the amount of any reasonably possible loss or a range of loss related to this proceeding.

Chattanooga, Tennessee Water Main Break Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. On January 12, 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. On February 9, 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. On September 21, 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. On October 12, 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On December 1, 2023, TAWC filed a memorandum in opposition to the amended class definition. On January 18, 2024, and April 19, 2024, the court heard oral argument on the motions. On June 14, 2024, the court issued its written order denying the amended class and incorporating its denial of the original class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer the complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On March 28, 2024, the Kanawha County Circuit Court trial judge filed a memorandum opposing the referral. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims being filed, the claims process was concluded on March 8, 2024. As of June 30, 2024, a total of 589 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation. WVAWC is cooperating with its general investigation.

On March 1, 2024, the staff of the WVPSC issued an initial memorandum in each separate general investigation for Mountaineer Gas and WVAWC. On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has meritorious defenses to such claims, and WVAWC is defending itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"). The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In September 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In September 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $255 million in aggregate costs as of June 30, 2024, related to the Water Supply Project, which includes $80 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. This decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding, and further evidentiary hearings were held in March 2024.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 final decision and its December 2022 final decision, as amended by its March 30, 2023, rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act ("CEQA") in issuing a coastal development permit to Cal Am for construction of the slant wells. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of four causes of action in the petition. The three remaining claims challenge the Coastal Commission's substantive compliance with certain provisions of CEQA, the California Coastal Act, and due process requirements in considering Cal Am's application. Trial in this matter has been set for November 13, 2024.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2023, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2024 and future years may be impacted by a number of factors, including, without limitation, potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. A hearing on MCWD's motion for judgment on the pleadings is scheduled for August 16, 2024. The trial date of August 5, 2024, has been vacated, and will be rescheduled at a later date.

Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Actions

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requesting access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. On December 15, 2023, the MPWMD filed a lawsuit in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserts that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. An initial hearing on Cal Am's motion to dismiss was held on May 3, 2024, and a subsequent hearing is scheduled for August 23, 2024.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

West Virginia Elk River Freedom Industries Chemical Spill

On June 8, 2018, the U.S. District Court for the Southern District of West Virginia granted final approval of a settlement class and global class action settlement (the "Settlement") for all claims and potential claims by all class members (collectively, the "West Virginia Plaintiffs") arising out of the January 2014 Freedom Industries, Inc. chemical spill in West Virginia. The effective date of the Settlement was July 16, 2018. Under the terms and conditions of the Settlement, WVAWC and certain other Company affiliated entities did not admit, and will not admit, any fault or liability for any of the allegations made by the West Virginia Plaintiffs in any of the actions that were resolved.

As of June 30, 2024, $0.5 million of the aggregate Settlement amount of $126 million remains reflected in accrued liabilities, and $0.5 million in an offsetting insurance receivable remains reflected in other current assets on the Consolidated Balance Sheets pending resolution of all asserted actual or potential claims associated with this matter. The amount reflected in accrued liabilities reflects the status of the liability and the offsetting insurance receivable reflected in other current assets, each as of June 30, 2024.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income attributable to common shareholders	$ 277	$ 280	$ 462	$ 450
Denominator:				
Weighted-average common shares outstanding—Basic	195	195	195	190
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	190

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and six months ended June 30, 2024 and 2023, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million and $720 million as of June 30, 2024, and December 31, 2023, respectively. On February 2, 2024, the secured seller promissory note from the sale of HOS was amended to increase the principal amount, in full satisfaction of a $75 million contingent cash payment, see Note 5—Acquisitions and Divestitures for additional information. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $787 million and $704 million as of June 30, 2024, and December 31, 2023, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of June 30, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,128	10,153	1,033	634	11,820

	As of December 31, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	9,575	1,044	757	11,376

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 50	$ —	$ —	$ 50
Rabbi trust investments	25	—	—	25
Deposits	6	—	—	6
Other investments:				
Money market and other	28	—	—	28
Fixed-income securities	119	6	—	125
Total assets	228	6	—	234
Liabilities:				
Deferred compensation obligations	30	—	—	30
Total liabilities	30	—	—	30
Total assets	$ 198	$ 6	$ —	$ 204

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	22	—	—	22
Deposits	8	—	—	8
Other investments:				
Money market and other	26	—	—	26
Fixed-income securities	140	6	—	146
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	27	—	—	27
Mark-to-market derivative liability	—	8	—	8
Total liabilities	27	8	—	35
Total assets (liabilities)	$ 203	$ (2)	$ —	$ 201

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $76 million and $62 million in other current assets, as of June 30, 2024, and December 31, 2023, respectively, and $78 million and $111 million in other long-term assets, as of June 30, 2024, and December 31, 2023, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities as of June 30, 2024, and December 31, 2023:

	As of June 30, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 122	$ 7	$ 4	$ 125

	As of December 31, 2023			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 143	$ 6	$ 3	$ 146

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of June 30, 2024, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 82
1 year - 5 years	31
5 years - 10 years	5
Greater than 10 years	7
Total	$ 125

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 41 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $144 million as of June 30, 2024, and December 31, 2023. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $2 million in 2024, $4 million in 2025 through 2028, and $41 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for each of the three months ended June 30, 2024 and 2023, and $6 million for each of the six months ended June 30, 2024 and 2023.

For the three and six months ended June 30, 2024, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $2 million and $5 million, respectively. For the six months ended June 30, 2024, there were ROU assets obtained in exchange for new operating lease liabilities of $8 million.

As of June 30, 2024, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of June 30, 2024, were $6 million in 2024, $11 million in 2025, $10 million in 2026, $9 million in 2027, $7 million in 2028, and $92 million thereafter. As of June 30, 2024, imputed interest was $49 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,057	$ 92	$ 1,149
Depreciation and amortization	189	4	193
Total operating expenses, net	621	79	700
Interest expense	(102)	(29)	(131)
Interest income	5	20	25
Provision for income taxes	78	6	84
Net income attributable to common shareholders	274	3	277
Total assets	28,843	2,372	31,215
Cash paid for capital expenditures	668	2	670

	As of or for the Three Months Ended June 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,005	$ 92	$ 1,097
Depreciation and amortization	172	2	174
Total operating expenses, net	584	81	665
Interest expense	(90)	(20)	(110)
Interest income	6	9	15
Provision for income taxes	73	4	77
Net income attributable to common shareholders	278	2	280
Total assets	26,243	3,253	29,496
Cash paid for capital expenditures	622	5	627

	As of or for the Six Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,985	$ 175	$ 2,160
Depreciation and amortization	373	8	381
Total operating expenses, net	1,232	153	1,385
Interest expense	(199)	(56)	(255)
Interest income	8	41	49
Provision for income taxes	131	10	141
Net income attributable to common shareholders	459	3	462
Total assets	28,843	2,372	31,215
Cash paid for capital expenditures	1,271	8	1,279

	As of or for the Six Months Ended June 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,865	$ 170	$ 2,035
Depreciation and amortization	341	5	346
Total operating expenses, net	1,156	152	1,308
Interest expense	(177)	(48)	(225)
Interest income	7	22	29
Provision for income taxes	119	2	121
Net income (loss) attributable to common shareholders	452	(2)	450
Total assets	26,243	3,253	29,496
Cash paid for capital expenditures	1,146	7	1,153

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2023. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and six months ended June 30, 2024, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.42 and $2.37, respectively, compared to $1.44 and $2.37 per share in the same periods in 2023. Results for the three and six months ended June 30, 2024, include the implementation of new rates in the Regulated Businesses from its capital and acquisition investments. Results also reflect some increased production and employee related costs and higher financing costs to fund the current capital investment plan. Results for the three and six months ended June 30, 2024, compared to the same periods in 2023, reflect a net unfavorable impact of weather of $0.04 per share, including an estimated $0.03 and $0.07 per share, respectively, of impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey, and in the second quarter of 2023 in the Northeast and Midwest. Results for the three and six months ended June 30, 2024, include additional interest income of $0.02 and $0.04 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) the addition of approximately 9,600 new customers through organic growth in existing systems. The Company plans to invest approximately $3.1 billion in these growth strategies in 2024. During the first six months of 2024, the Company invested $1.4 billion, in the Regulated Businesses, as discussed below.

- $1.3 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $119 million to fund acquisitions in the Regulated Businesses, which added approximately 33,400 customers. This includes the acquisition by the Company's Illinois subsidiary of a wastewater treatment plant and related assets from Granite City on March 11, 2024, for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities.

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition upon final regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the public wastewater collection and treatment system assets (the "System Assets") from the Butler Area Sewer Authority. On November 9, 2023, the Pennsylvania Public Utility Commission (the "PaPUC") approved a settlement agreement without modification with respect to the Company's Pennsylvania subsidiary's application to acquire the System Assets from the Butler Area Sewer Authority for a purchase price of $230 million, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 15,000 customer connections. On December 14, 2023, Center Township and Summit Township filed appeals with the Pennsylvania Commonwealth Court seeking to reverse the order entered by the PaPUC approving the sale of the System Assets. On December 29, 2023, the Company's Pennsylvania subsidiary filed applications with the Commonwealth Court seeking to dismiss the appeals and requesting expedited consideration. By order dated February 1, 2024, the Commonwealth Court deferred deciding the application to dismiss the appeals and directed that the issues raised by the applications to dismiss are to be considered as part of the merits of the appeals and that the disposition of the appeals was to be expedited. The Company awaits a decision from the Commonwealth Court to proceed with closing.

In December 2020, the Company's Pennsylvania subsidiary entered into an agreement (an acquisition intended to comply with Act 12 (discussed below)) to acquire the wastewater collection system assets of Brentwood Borough ("Brentwood") for a purchase price of approximately $19 million. On February 22, 2024, the PaPUC denied the Pennsylvania subsidiary's application to acquire Brentwood. On April 3, 2024, the Pennsylvania subsidiary filed an appeal of the decision with the Pennsylvania Commonwealth Court, asserting, among other things, the PaPUC did not apply the correct legal standard in its decision. The Company cannot currently predict the outcome of this appeal, and the matter remains pending.

As of June 30, 2024, the Company had entered into 22 agreements with a total aggregate purchase price of $483 million for pending acquisitions in the Regulated Businesses, including the agreements discussed above, to add approximately 59,000 additional customers. Two of these 22 agreements, representing an aggregate purchase price of $236 million (including Butler Area Sewer Authority, discussed above) and serving approximately 16,000 customers, have received commission approval. The remaining pending acquisitions, including 13,400 customers under Act 12, require regulatory approval to complete.

On February 7, 2024, the PaPUC proposed the Tentative Supplemental Implementation Order ("TSIO") which seeks to make certain changes to the process by which the PaPUC considers and decides applications to acquire water and wastewater assets under Pennsylvania's existing utility valuation law, known as Act 12 of 2016 ("Act 12"). The TSIO proposes, among other things, a reasonableness review ratio that would be applied to help guide the determination on the overall prudency of the transaction and reasonableness of the purchase price. On July 2, 2024, the PaPUC issued the Final Supplemental Implementation Order ("FSIO") which largely adopts the provisions in the TSIO. The provisions of the FSIO are not retroactive and apply to acquisition applications filed after July 2, 2024. Separately, legislation has also been introduced in the Pennsylvania House of Representatives that would amend Act 12 and establish new guidelines for evaluating applicable acquisitions. The proposed bills were reported out of committee but have not yet been considered by the full House of Representatives. The Company cannot currently predict the outcome of these or other legislative initiatives, or their impacts, but the Company intends to continue to support outcomes that allow for consolidation and investment in water and wastewater infrastructure in Pennsylvania and in its other regulated jurisdictions.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the U.S. Environmental Protection Agency ("EPA") announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

As previously disclosed, the Company estimates an investment of approximately $1.0 billion of capital expenditures to install additional treatment facilities over a five-year period in order to comply with the new regulations. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning after the April 2029 compliance deadline. The actual expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR.

The Company supports sound policies and compliance with the NPDWR by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Part II, Item 1—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). American Water is evaluating the final rule. The Company, along with a coalition (Water Coalition Against PFAS) of many other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS related liability.

Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2024:

(In millions)	Effective Date	Amount
General rate cases by state:		
Pennsylvania	August 7, 2024	$ 99
Indiana, Step Increases	(a)	48
Kentucky	May 3, 2024 (b)	11
West Virginia	February 25, 2024	18
Total general rate case authorizations		$ 176

(a) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

(b) Interim rates were effective February 6, 2024, and the difference between interim and final approved rates are subject to refund.

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions that remain pending, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates will take effect on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates is subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. The petition for rehearing also requested that any revisions become effective February 6, 2024, with any difference between the adjusted amount and initial approved rates subject to refund or collection. On May 28, 2024, the KPSC granted the request for rehearing, and the Kentucky subsidiary expects resolution of this proceeding later in 2024.

On February 23, 2024, the West Virginia Public Service Commission issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.10% and a long-term debt ratio of 49.90%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission ("IURC") issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund.

On May 1, 2024, the Company's Tennessee subsidiary filed a general rate case requesting approximately $14 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 54.52% and debt component of 45.48%. The requested annualized revenue increase is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 25, 2024, the Company's Illinois subsidiary filed tariffs for new water and wastewater rates. The request seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $132 million, excluding infrastructure surcharges of $5 million, effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on a future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The requested increases are driven primarily by an estimated $557 million in capital investments to be made by the Illinois subsidiary from January 2024 through December 2025. The request also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery. The requested increase was subsequently updated in the Illinois subsidiary's June 20, 2024, rebuttal filing, with the first step request adjusted to $140 million in additional annualized revenues.

On January 19, 2024, the Company's New Jersey subsidiary filed a general rate case requesting approximately $162 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 56.30% and a debt component of 43.70%. The requested annualized revenue increase is driven primarily by approximately $1.3 billion in capital investments made and to be made by the New Jersey subsidiary through December 2024. The request also proposes a revenue decoupling mechanism and seeks a deferral of certain production cost adjustments.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the California Public Utilities Commission ("CPUC") granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. On November 17, 2023, the California subsidiary filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by the California subsidiary to be $20 million in the 2024 test year, $16 million in the 2025 escalation year, and $15 million in the 2026 attrition year. The partial settlement agreement addresses the California subsidiary's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate the California subsidiary's revenue and water sales. New rates would be implemented retroactively to January 1, 2024, upon a final decision issued by the CPUC approving the partial settlement agreement and resolving the other issues not addressed by the partial settlement agreement, which is expected to occur in the second half of 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the West Virginia Public Service Commission directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Pending Infrastructure Surcharge Filings

On June 28, 2024, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $4 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which, if adopted, will become effective upon receiving an order in the current pending rate case.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Operating revenues	$ 1,149	$ 1,097	$ 2,160	$ 2,035
Operating expenses:				
Operation and maintenance	427	419	843	812
Depreciation and amortization	193	174	381	346
General taxes	81	73	162	151
Other	(1)	(1)	(1)	(1)
Total operating expenses, net	700	665	1,385	1,308
Operating income	449	432	775	727
Other (expense) income:				
Interest expense	(131)	(110)	(255)	(225)
Interest income	25	15	49	29
Non-operating benefit costs, net	7	8	16	17
Other, net	11	12	18	23
Total other (expense) income	(88)	(75)	(172)	(156)
Income before income taxes	361	357	603	571
Provision for income taxes	84	77	141	121
Net income attributable to common shareholders	$ 277	$ 280	$ 462	$ 450

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Operating revenues	$ 1,057	$ 1,005	$ 1,985	$ 1,865
Operation and maintenance	356	345	707	675
Depreciation and amortization	189	172	373	341
General taxes	77	68	153	141
Other	(1)	(1)	(1)	(1)
Other expenses	(84)	(70)	(163)	(138)
Provision for income taxes	78	73	131	119
Net income attributable to common shareholders	$ 274	$ 278	$ 459	$ 452

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Water services:				
Residential	$ 580	$ 554	$ 1,084	$ 1,015
Commercial	217	198	404	369
Fire service	41	39	82	78
Industrial	46	38	88	76
Public and other	73	83	131	148
Total water services	957	912	1,789	1,686
Wastewater services:				
Residential	60	57	119	111
Commercial	16	16	32	30
Industrial	3	2	5	4
Public and other	9	7	17	13
Total wastewater services	88	82	173	158
Other (a)	12	11	23	21
Total operating revenues	$ 1,057	$ 1,005	$ 1,985	$ 1,865

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Gallons in millions)	**2024**	**2023**	**2024**	**2023**
Billed water services volumes:				
Residential	38,201	40,267	72,615	74,075
Commercial	19,291	18,712	36,582	35,548
Industrial	9,710	8,615	18,047	17,455
Fire service, public and other	13,698	13,594	24,814	25,282
Total billed water services volumes	80,900	81,188	152,058	152,360

For the three and six months ended June 30, 2024, operating revenues increased $52 million and $120 million, respectively, primarily due to increases of $42 million and $100 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $10 million and $18 million for the three and six months ended June 30, 2024, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Also, operating revenues were $5 million and $10 million higher for the three and six months ended June 30, 2024, respectively, as a result of reduced amortization of EADIT, primarily in the Company's Missouri subsidiary. These increases were partially offset by a $10 million estimated net decrease for the three and six months ended June 30, 2024, due to warm, dry weather in the second quarter of 2023.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Employee-related costs	$ 136	$ 130	$ 271	$ 259
Production costs	109	106	211	199
Operating supplies and services	61	57	124	114
Maintenance materials and supplies	19	21	41	43
Customer billing and accounting	14	16	28	29
Other	17	15	32	31
Total operation and maintenance expense	$ 356	$ 345	$ 707	$ 675

For the three and six months ended June 30, 2024, operation and maintenance expense increased $11 million and $32 million, respectively, due to increased production costs from higher purchased water cost and usage, increased employee related costs to support growth and increases in other operating expenses.

Depreciation and Amortization

For the three and six months ended June 30, 2024, depreciation and amortization increased $17 million and $32 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments.

General Taxes

For the three and six months ended June 30, 2024, general taxes increased $9 million and $12 million, respectively, primarily due to incremental property taxes and New Jersey Gross Receipts Tax.

Other Expenses

For the three and six months ended June 30, 2024, other expenses increased $14 million and $25 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt in June 2023 and February 2024. These increases were partially offset by decreases in interest expense as a result of lower average commercial paper borrowings and from the repayment of AWCC's 3.850% Senior Notes in March 2024.

Provision for Income Taxes

For the three and six months ended June 30, 2024, the Regulated Businesses' provision for income taxes increased $5 million and $12 million, respectively. The Regulated Businesses' effective income tax rate was 22.2% for the three and six months ended June 30, 2024, and 20.8% for the three and six months ended June 30, 2023. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Operating revenues	$ 92	$ 92	$ 175	$ 170
Operation and maintenance	71	74	136	137
Depreciation and amortization	4	2	8	5
General taxes	4	5	9	10
Interest expense	(29)	(20)	(56)	(48)
Interest income	20	9	41	22
Other income	5	6	6	8
Provision for income taxes	6	4	10	2
Net income (loss) attributable to common shareholders	$ 3	$ 2	$ 3	$ (2)

Interest income

For the three and six months ended June 30, 2024, interest income increased $11 million and $19 million, respectively, primarily due to the increased interest rate on the amended secured seller promissory note from the sale of HOS. See Note 5—Acquisitions and Divestitures in the Notes to Consolidated Financial Statements for additional information.

Legislative Updates

During 2024, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of July 31, 2024:

- New Jersey passed Assembly Bill 4791, establishing the "Resiliency and Environmental System Investment Charge Program," which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance such as existing and proposed requirements for PFAS, safety, and public health. Legislation was signed by the Governor and became effective on January 12, 2024.
- Indiana passed Senate Bill 5, which provides access to a property by a water utility to replace lead service lines when a landowner does not enroll in the offered lead service line replacement program, does not personally replace the customer owned portion of the lead service line following notice and a 45-day waiting period, or is non-responsive to attempted communication after the 45-day waiting period. Legislation was signed by the Governor and became effective on March 11, 2024.
- Iowa passed House File 207, which modifies property tax assessments to exempt property owned or operated by a public or private utility and is directly and primarily used for furnishing sanitary sewage or storm water drainage disposal by a piped collection system to the public for compensation. Legislation was signed by the Governor and became effective on May 2, 2024.
- West Virginia passed House Bill 5617, which adopts standards and authorizes the Public Service Commission to promulgate rules, and also allows for rate recovery, on maintenance, flushing, flow testing and marking of fire hydrants owned by water utilities. Legislation was signed by the Governor and became effective on June 4, 2024.
- Iowa passed House File 2101, which increases the threshold amount required for approval by the Iowa Utilities Commission for water and wastewater utility acquisition filings from $0.5 million to $3 million. Legislation was signed by the Governor and became effective on July 1, 2024.
- Indiana passed Senate Bill 247, which establishes a 30-day filing with the IURC by a utility for an acquisition of a utility with an appraised value and purchase price of less than $3 million. Legislation was signed by the Governor became effective on July 1, 2024.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey water service system assets (the "Monterey system assets") of the Company's California subsidiary ("Cal Am") are the subject of a potential condemnation action by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action and Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On June 13, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-47, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments due on or before August 15, 2024. In the absence of a similar extension, the Company will include the CAMT liability in its estimated tax payments starting in the third quarter of 2024. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets, future issuances of equity, and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% senior notes due 2034 and $700 million aggregate principal amount of its 5.450% senior notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (1) to lend funds to American Water and the Regulated Businesses; (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2028. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million and to request extensions of its expiration date for up to two one-year periods, as to which one such extension request remains. As of June 30, 2024, and December 31, 2023, there were no borrowings under the revolving credit facility. As of June 30, 2024, and December 31, 2023, there were $75 million of outstanding letters of credit under the revolving credit facility.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of June 30, 2024	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.7 billion as of June 30, 2024, was accessible through revolver draws.

	As of December 31, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2024	$ 48	$ 2,675	$ 2,723
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 5.51% at December 31, 2023.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2024 or 2023.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Six Months Ended June 30,	
(In millions)	**2024**	**2023**
Net income	$ 462	$ 450
Add (less):		
Depreciation and amortization	381	346
Deferred income taxes and amortization of investment tax credits	37	74
Other non-cash activities (a)	(20)	(34)
Changes in working capital (b)	(111)	(102)
Pension contributions	(22)	(20)
Net cash provided by operating activities	$ 727	$ 714

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in working capital include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other assets and liabilities, net.

For the six months ended June 30, 2024, cash provided by operating activities increased $13 million, due to an increase in net income and other non-cash activities, partially offset by changes in deferred income taxes and working capital, which is mainly due to a decrease in accounts payable due to the timing of payments.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Six Months Ended June 30,	
(In millions)	**2024**	**2023**
Capital expenditures	$ (1,279)	$ (1,153)
Acquisitions, net of cash acquired	(119)	(33)
Removal costs from property, plant and equipment retirements, net	(73)	(78)
Net cash used in investing activities	$ (1,471)	$ (1,264)

For the six months ended June 30, 2024, cash used in investing activities increased $207 million, primarily due to increased payments for capital expenditures and acquisitions.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Six Months Ended June 30, 2024	2023
Proceeds from long-term debt, net of discount	$ 1,403	$ 1,160
Repayments of long-term debt	(466)	(170)
Net proceeds from common stock financing	—	1,688
Net short-term repayments with maturities less than three months	(179)	(1,175)
Debt issuance costs	(13)	(13)
Dividends paid	(287)	(257)
Other financing activities, net (a)	20	24
Net cash provided by financing activities	$ 478	$ 1,257

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the six months ended June 30, 2024, cash provided by financing activities decreased $779 million, primarily due to the repayment of long-term debt in the current period and the proceeds from the common stock financing in March 2023. These decreases were partially offset by a higher issuance of long-term debt and lower repayments of short-term commercial paper borrowings compared to the prior period.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On June 30, 2024, the Company's ratio was 0.56 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of July 31, 2024, as issued by Moody's Investors Service on January 29, 2024, and S&P Global Ratings on March 4, 2024:

Securities	Moody's Investors Service	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. As of June 30, 2024, there were no treasury lock agreements outstanding as the Company terminated the treasury lock agreements in February 2024. There have been no other significant changes to the Company's exposure to market risk since December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2024.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2024, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K and Form 10-Q. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

Coastal Development Permit Application

On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's four causes of action in its petition challenging the issuance of a coastal development permit for the Water Supply Project. The three remaining claims challenge the Coastal Commission's substantive compliance with certain provisions of the California Environmental Quality Act, the California Coastal Act, and due process requirements in considering Cal Am's application. Trial has been set for November 13, 2024.

Water Supply Project Land Acquisition and Slant Well Site Use

The July 15, 2024, trial date previously set by the Monterey County Superior Court for the City's May 2020 lawsuit has been vacated pending receipt of the SWRCB's expert advisory opinion. The court scheduled a status and trial setting conference for September 24, 2024.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

A hearing on MCWD's motion for judgment on the pleadings is scheduled for August 16, 2024. The trial date of August 5, 2024, has been vacated, and will be rescheduled at a later date.

Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action

MPWMD Condemnation Action

On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. An initial hearing on the motion was held on May 3, 2024, and a subsequent hearing is scheduled for August 23, 2024.

Dunbar, West Virginia Water Main Break Class Action Litigation

By order dated June 28, 2024, the Circuit Court set a new date of December 3, 2024, for a class trial on issues relating to duty and breach of that duty. This trial will not find class-wide or punitive damages. Mediation is scheduled to take place in August 2024.

Chattanooga, Tennessee Class Action Litigation

On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' motion to certify an amended business customer-only class and incorporating the court's original November 6, 2023, denial of certification of a residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification.

Mountaineer Gas Company Main Break

On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the four class action complaints.

On June 14, 2024, the judge in the *Ruffin* case partially granted the *Ruffin* plaintiff's motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

WVAWC's motion to dismiss in part the complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was rendered moot after Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC. On May 31, 2024, WVAWC answered the complaint.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims being filed, the claims process was concluded on March 8, 2024. As of June 30, 2024, a total of 589 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On March 1, 2024, the staff of the WVPSC issued an initial memorandum in each separate general investigation for Mountaineer Gas and WVAWC. On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

PFAS Multi-District Litigation

The Company has timely submitted to the PFAS MDL its Phase One claims forms under the 3M and DuPont settlements prior to the due date, which was extended by the MDL court to July 26, 2024.

On April 26, 2024, a potential class action settlement involving defendant Tyco Fire Products LP was filed with the MDL court to resolve claims brought in the MDL against this defendant by public water systems. On June 13, 2024, the MDL court granted preliminary approval to this settlement. Final approval by the MDL court of the settlement is required, and a final fairness hearing has been scheduled for November 1, 2024.

On May 21, 2024, an agreement in principle for a potential class action settlement with BASF Corporation was announced, which if approved would resolve claims brought in the MDL against this defendant by public water systems. The MDL court granted preliminary approval of the settlement on July 3, 2024, and set the matter for a fairness hearing on November 1, 2024. Final approval of the settlement by the MDL court is required after the fairness hearing, among other conditions to the settlement.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended June 30, 2024. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through June 30, 2024, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.3	Officers' Certificate of American Water Capital Corp., dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
*10.1	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Stock Unit Grant Form for Non-Employee Directors.
10.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
*31.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and the Amendment to Secured Seller Note Agreement filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 31st day of July, 2024.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.1

AMERICAN WATER WORKS COMPANY, INC.

2017 OMNIBUS EQUITY COMPENSATION PLAN

STOCK UNIT GRANT

This STOCK UNIT GRANT, dated as of May 15, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") has determined to grant each non-employee director of the Company on the date of the Company's 2024 Annual Meeting of Shareholders a stock unit grant that will be immediately converted to shares of common stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Participant is a non-employee director on the Board; and

WHEREAS, the Board has determined that the stock unit grant granted to the Participant shall be issued under the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan") and the terms and conditions thereof shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Stock Units"). Each Stock Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable distribution date, as described in Paragraph 4 below.

2. Stock Unit Account. The Company shall establish and maintain a Stock Unit account as a bookkeeping account on its records (the "Stock Unit Account") for the Participant and shall record in such Stock Unit Account the number of Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Stock Unit Account established for the Participant.

3. Vesting. The Participant shall be fully vested in the Stock Units credited to the Participant's Stock Unit Account pursuant to this Grant on the Date of Grant.

4. Distribution. The Stock Units shall be converted to shares of Company Stock on the Date of Grant and such shares of stock shall be distributed by the Company within thirty (30) days after the Date of Grant.

5. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law. The Participant also hereby agrees to be bound by the terms and conditions of the Plan and this Grant. The Participant further agrees to be bound by the determinations and decisions of the Board with respect to this Grant and the Plan and the Participant's rights to benefits under this Grant and the Plan, and agrees that all such determinations and decisions of the Board shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

6. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) The obligation of the Company to deliver shares of Company Stock upon the distribution of the Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(b) As a condition to receive any shares of Company Stock upon conversion of the Stock Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and its Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the distribution of the Stock Units shall not be transferred or disposed of by any means until the Participant owns enough shares of Company Stock, or shares underlying stock units convertible into shares of Company Stock, or time-based restricted Company Stock, to meet or exceed five (5) times the Participant's annual cash retainer, which ownership requirement must be satisfied by the fifth (5th) anniversary of the Participant's commencement of service as a director on the Board.

7. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of the shares of Company Stock, (iii) changes in capitalization of the Company, and (iv) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder and the Participant's acceptance of this Grant is the Participant's agreement to be bound by the interpretations and decisions of the Board with respect to this Grant and the Plan.

8. No Rights to Continued Service. This Grant shall not confer upon the Participant any right to be retained in the service of the Employer (as defined in the Plan) and shall not interfere in any way with the right to terminate the Participant's service at any time.

9. Assignment and Transfers. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

10. Withholding. To the extent required by applicable law, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the Grant, vesting or distribution of the Stock Units.

11. Effect on Other Benefits. The value of shares of Company Stock distributed with respect to the Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

12. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

13. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by facsimile, e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means), or enclosed in a properly sealed envelope addressed as stated

above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: President and CEO

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2024

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)
July 31, 2024

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
July 31, 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of April 22, 2024
Common Stock, par value $0.01 per share	**194,822,567**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at https://amwater.com, an Investor Relations website at https://ir.amwater.com, and a Diversity and Inclusion website at https://diversityataw.com. Information contained on the Company's websites, including its Sustainability Report, its Inclusion, Diversity and Equity Report, and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations and proceedings and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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 herein as a result of the following important factors:

- 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 ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory 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 ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;

- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 32,780	$ 32,189
Accumulated depreciation	(6,757)	(6,751)
Property, plant and equipment, net	26,023	25,438
Current assets:		
Cash and cash equivalents	584	330
Restricted funds	42	34
Accounts receivable, net of allowance for uncollectible accounts of $49 and $51, respectively	323	339
Income tax receivable	26	86
Unbilled revenues	316	302
Materials and supplies	115	112
Other	181	186
Total current assets	1,587	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,117	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	90	86
Goodwill	1,143	1,143
Other	331	416
Total regulatory and other long-term assets	3,476	3,471
Total assets	$ 31,086	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,273,523 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,561	8,550
Retained earnings	1,844	1,659
Accumulated other comprehensive loss	(8)	(26)
Treasury stock, at cost (5,451,187 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,007	9,797
Long-term debt	12,566	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,569	11,718
Total capitalization	22,576	21,515
Current liabilities:		
Short-term debt	—	179
Current portion of long-term debt	557	475
Accounts payable	231	294
Accrued liabilities	636	791
Accrued taxes	89	67
Accrued interest	131	93
Other	213	252
Total current liabilities	1,857	2,151
Regulatory and other long-term liabilities:		
Advances for construction	367	352
Deferred income taxes and investment tax credits	2,742	2,717
Regulatory liabilities	1,460	1,481
Operating lease liabilities	78	73
Accrued pension expense	256	262
Other	195	196
Total regulatory and other long-term liabilities	5,098	5,081
Contributions in aid of construction	1,555	1,551
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 31,086	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2024	2023
Operating revenues	$ 1,011	$ 938
Operating expenses:		
Operation and maintenance	416	393
Depreciation and amortization	188	172
General taxes	81	78
Total operating expenses, net	685	643
Operating income	326	295
Other (expense) income:		
Interest expense	(124)	(115)
Interest income	24	14
Non-operating benefit costs, net	9	9
Other, net	7	11
Total other (expense) income	(84)	(81)
Income before income taxes	242	214
Provision for income taxes	57	44
Net income attributable to common shareholders	$ 185	$ 170
Basic earnings per share:		
Net income attributable to common shareholders	$ 0.95	$ 0.91
Diluted earnings per share:		
Net income attributable to common shareholders	$ 0.95	$ 0.91
Weighted-average common shares outstanding:		
Basic	195	186
Diluted	195	186

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2024	2023
Net income attributable to common shareholders	$ 185	$ 170
Other comprehensive income, net of tax:		
Unrealized gain (loss) on cash flow hedges, net of tax of $3 and $0 for the three months ended March 31, 2024 and 2023, respectively	19	(2)
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $1 and $0 for the three months ended March 31, 2024 and 2023, respectively	(1)	2
Net other comprehensive income	18	—
Comprehensive income attributable to common shareholders	$ 203	$ 170

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 185	$ 170
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	188	172
Deferred income taxes and amortization of investment tax credits	8	26
Provision for losses on accounts receivable	5	3
Pension and non-pension postretirement benefits	—	1
Other non-cash, net	4	(36)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(2)	(1)
Income tax receivable	60	18
Pension contributions	(11)	(10)
Accounts payable and accrued liabilities	(61)	(60)
Accrued taxes	24	44
Other assets and liabilities, net	(18)	(42)
Net cash provided by operating activities	382	285
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(609)	(526)
Acquisitions, net of cash acquired	(86)	(4)
Removal costs from property, plant and equipment retirements, net	(38)	(31)
Net cash used in investing activities	(733)	(561)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	1,391	8
Repayments of long-term debt	(449)	(4)
Net proceeds from common stock financing	—	1,688
Net short-term repayments with maturities less than three months	(179)	(1,175)
Advances and contributions in aid of construction, net of refunds of $9 and $7 for the three months ended March 31, 2024 and 2023, respectively	3	10
Debt issuance costs	(14)	—
Dividends paid	(138)	(119)
Other, net	(1)	(7)
Net cash provided by financing activities	613	401
Net increase in cash, cash equivalents and restricted funds	262	125
Cash, cash equivalents and restricted funds at beginning of period	364	117
Cash, cash equivalents and restricted funds at end of period	$ 626	$ 242
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 422	$ 338

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	170	—	—	—	170
Common stock issuances (a)	12.7	—	1,695	—	—	—	(11)	1,684
Balance as of March 31, 2023	200.1	$ 2	$ 8,519	$ 1,437	$ (23)	(5.4)	$ (388)	$ 9,547

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of March 31, 2024, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of March 31, 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Segment Reporting	The guidance in this standard expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit and loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements.	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024	Retrospective	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	January 1, 2025	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarters of 2024 and 2023, the NJEDA issued the utilization certificates for the 2021 and 2020 tax credits, respectively, to the Company in the amount of $16 million each. The Company sold these tax credits to an external party for $15 million each. As of March 31, 2024, the Company had assets of $15 million in other current assets and $90 million in other long-term assets on the Consolidated Balance Sheets for the 2022 through 2028 tax credits. As of December 31, 2023, the Company had assets of $32 million in other current assets and $90 million in other long-term assets on the Consolidated Balance Sheets for the 2021 through 2028 tax credits. The Company has made the necessary annual filing for the year ended December 31, 2022, and expects to make the 2023 filing in the second quarter of 2024, prior to the required filing deadline. The submitted filing, for the 2022 tax credits, is under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize these credits in 2024.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the three months ended March 31:

	2024	2023
Balance as of January 1	$ (51)	$ (60)
Amounts charged to expense	(5)	(3)
Amounts written off	8	5
Other, net (a)	(1)	3
Balance as of March 31	$ (49)	$ (55)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024:

	Effective Date	Amount
General rate cases by state:		
West Virginia	February 25, 2024	$ 18
Indiana, Step Increase	February 21, 2024	25
Total general rate case authorizations		$ 43

On March 4, 2024, the West Virginia Public Service Commission issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.8%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.1% and a long-term debt ratio of 49.9%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.84 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $17 million in May 2024, and $24 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026.

On May 1, 2024, the Company's Tennessee subsidiary filed a general rate case requesting approximately $14 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 54.52% and debt component of 45.48%. The requested annualized revenue increase is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 25, 2024, the Company's Illinois subsidiary filed tariffs for new water and wastewater rates. The request seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $132 million, excluding infrastructure surcharges of $5 million, effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on a future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The requested increases are driven primarily by an estimated $557 million in capital investments to be made by the Illinois subsidiary from January 2024 through December 2025. The request also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery.

On January 19, 2024, the Company's New Jersey subsidiary filed a general rate case requesting approximately $162 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 56.30% and a debt component of 43.70%. The requested annualized revenue increase is driven primarily by approximately $1.3 billion in capital investments made and to be made by the New Jersey subsidiary through December 2024. The request also proposes a revenue decoupling mechanism and seeks a deferral of certain production cost adjustments.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the California Public Utilities Commission ("CPUC") granted the request for a one year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

On November 8, 2023, the Company's Pennsylvania subsidiary filed a general rate case requesting approximately $204 million in additional annualized revenues, excluding projected infrastructure surcharges of $20 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.30% and a debt component of 44.70%. The requested annualized incremental revenue increase is driven primarily by an estimated $1.0 billion of incremental capital investments to be made through mid-2025. The request also proposes a mechanism to address compliance with evolving environmental requirements, such as emerging federal regulations for lead and per- and polyfluoroalkyl substances. If approved, the new rates would be expected to take effect on August 7, 2024.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund.

On June 30, 2023, the Company's Kentucky subsidiary filed a general rate case requesting $26 million in additional annualized revenues, excluding infrastructure surcharges of $10 million. Proposed rates were effective on an interim basis on February 6, 2024, and the difference between the interim and final approved rates is subject to refund. The request is based on a proposed return on common equity of 10.75% and a proposed capital structure with a common equity component of 52.45%. An order is expected in the general rate case in May of 2024.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. On November 17, 2023, the California subsidiary filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by the California subsidiary to be $20 million in the 2024 test year, $16 million in the 2025 escalation year, and $15 million in the 2026 attrition year. The partial settlement agreement addresses the California subsidiary's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate the California subsidiary's revenue and water sales. New rates would be implemented retroactively to January 1, 2024, upon a final decision issued by the CPUC approving the partial settlement agreement and resolving the other issues not addressed by the partial settlement agreement, which is expected to occur in the second half of 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	April 30, 2024	$ 9
Pennsylvania	April 1, 2024	7
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Missouri	January 20, 2024	26
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 55

(a) On March 5, 2024, the West Virginia Public Service Commission directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

Pending Infrastructure Surcharge Filings

On March 1, 2024, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $20 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which, if adopted, will become effective upon receiving an order in the current pending rate case.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 502	$ 2	$ 504
Commercial	186	1	187
Fire service	41	—	41
Industrial	42	—	42
Public and other	55	1	56
Total water services	826	4	830
Wastewater services:			
Residential	59	—	59
Commercial	16	—	16
Industrial	2	—	2
Public and other	8	—	8
Total wastewater services	85	—	85
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	2	2
Lease contract revenue	—	2	2
Total Regulated Businesses	920	8	928
Other	83	—	83
Total operating revenues	$ 1,003	$ 8	$ 1,011

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 460	$ 1	$ 461
Commercial	170	1	171
Fire service	39	—	39
Industrial	38	—	38
Public and other	56	—	56
Total water services	763	2	765
Wastewater services:			
Residential	54	—	54
Commercial	14	—	14
Industrial	2	—	2
Public and other	6	—	6
Total wastewater services	76	—	76
Miscellaneous utility charges	8	—	8
Alternative revenue programs	—	9	9
Lease contract revenue	—	2	2
Total Regulated Businesses	847	13	860
Other	78	—	78
Total operating revenues	$ 925	$ 13	$ 938

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $108 million and $95 million are included in unbilled revenues on the Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, respectively. Contract liabilities of $63 million and $63 million are included in other current liabilities on the Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, respectively. Revenues recognized for the three months ended March 31, 2024 and 2023, from amounts included in contract liabilities were $21 million and $33 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of March 31, 2024, the Company's operation and maintenance ("O&M") and capital improvement contracts in the MSG and the Contract Services Group have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.2 billion as of March 31, 2024, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $666 million as of March 31, 2024, as measured by estimated remaining contract revenue. Some of the Company's long-term contracts to operate and maintain the federal government's, a municipality's or other party's water or wastewater treatment and delivery facilities include responsibility for certain maintenance for some of those facilities, in exchange for an annual fee. Unless specifically required to perform certain maintenance activities, the maintenance costs are recognized when the maintenance is performed.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

On March 11, 2024, the Company's Illinois subsidiary completed the acquisition of a wastewater treatment plant and related assets from Granite City for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities. Assets acquired from this acquisition, principally utility plant, totaled $91 million and liabilities assumed totaled $5 million. This acquisition was accounted for as a business combination and the preliminary purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the periods ended March 31, 2024 and 2023.

Pending Acquisitions

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition upon final regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the public wastewater collection and treatment system assets (the "System Assets") from the Butler Area Sewer Authority. On November 9, 2023, the Pennsylvania Public Utility Commission (the "PaPUC") approved a settlement agreement without modification with respect to the Company's Pennsylvania subsidiary's application to acquire the System Assets from the Butler Area Sewer Authority for a purchase price of $230 million, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 15,000 customer connections. On December 14, 2023, Center Township and Summit Township filed appeals with the Pennsylvania Commonwealth Court seeking to reverse the order entered by the PaPUC approving the sale of the System Assets. On December 29, 2023, the Company's Pennsylvania subsidiary filed applications with the Commonwealth Court seeking to dismiss the appeals and requesting expedited consideration. By order dated February 1, 2024, the Commonwealth Court deferred deciding the application to dismiss the appeals and directed that the issues raised by the applications to dismiss are to be considered as part of the merits of the appeals and that the disposition of the appeals was to be expedited. Based on the court's schedule, the Company estimates that the disposition of the appeals could occur as soon as the second quarter of 2024.

Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller promissory note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, the secured seller note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity. The Company recognized $17 million and $13 million of interest income during the three months ended March 31, 2024 and 2023, respectively, from the secured seller note. The secured seller note requires compliance with affirmative and negative covenants (subject to certain conditions, limitations and exceptions), including a covenant limiting the incurrence by the Buyer and certain affiliates of additional indebtedness in excess of certain thresholds, but does not include any financial maintenance covenants. Certain of these covenants have been amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the amendment to the secured seller note eliminated the conditional right, beginning December 9, 2024, to require a repayment, without premium or penalty, of 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations thereunder. The final maturity date of the secured seller note remains December 9, 2026. The repayment obligations of the Buyer under the seller note are secured by a first priority security interest in certain property of the Buyer and the former HOS subsidiaries, including their cash and securities accounts, as well as a pledge of the equity interests in each of those subsidiaries, subject to certain limitations and exceptions.

The secured seller note may not be prepaid at the Buyer's election except in certain limited circumstances before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium ranging from 105.5% to 107.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the three months ended March 31, 2024 and 2023, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain on Fixed-Income Securities	Accumulated Other Comprehensive Loss
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income before reclassifications	—	—	—	19	(1)	18
Net other comprehensive income	—	—	—	19	(1)	18
Balance as of March 31, 2024	$ (96)	$ 1	$ 74	$ 10	$ 3	$ (8)
Balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive income before reclassifications	—	—	—	(2)	2	—
Net other comprehensive income	—	—	—	(2)	2	—
Balance as of March 31, 2023	$ (93)	$ 1	$ 70	$ (3)	$ 2	$ (23)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On March 1, 2024, the Company paid a quarterly cash dividend of $0.7075 per share to shareholders of record as of February 8, 2024.

On May 1, 2024, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on June 3, 2024, to shareholders of record as of May 14, 2024. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 23, 2024, American Water Capital Corp. ("AWCC") completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% senior notes due 2034 and $700 million aggregate principal amount of its 5.450% senior notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC is using the net proceeds of the offering (1) to lend funds to American Water and the Regulated Businesses; (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

During the three months ended March 31, 2024, AWCC and the Company's regulated subsidiaries made sinking fund payments for, or repaid at maturity, $449 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 7.17%, a weighted average interest rate of 4.16%, and maturity dates ranging from 2024 to 2051.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2024 or 2023.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from parent company, which serves as the functional equivalent of a guarantee by parent company of the obligations of AWCC under the Notes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets and, if and to the extent necessary, borrowings under the AWCC revolving credit facility, and, in the future, issuances of equity. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2028. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million and to request extensions of its expiration date for up to two one-year periods, as to which one such extension request remains. As of March 31, 2024 and December 31, 2023, there were no borrowings under the revolving credit facility. As of March 31, 2024 and December 31, 2023, there were $75 million of outstanding letters of credit under the revolving credit facility.

At March 31, 2024, there was no outstanding short-term debt as the net proceeds of the debt offering on February 23, 2024, were used to repay the outstanding short-term commercial paper obligations. See Note 7—Long-Term Debt for additional information relating to the debt offering on February 23, 2024.

At December 31, 2023, short-term debt consisting of commercial paper borrowings totaled $180 million, or net of discount $179 million. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 5.51% and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of March 31, 2024	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.68 billion as of March 31, 2024, was accessible through revolver draws.

	As of December 31, 2023		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.50 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2024 and December 31, 2023, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2024	$ 584	$ 2,675	$ 3,259
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

Note 9: Income Taxes

The Company's effective income tax rate was 23.6% and 20.6% for the three months ended March 31, 2024 and 2023, respectively. The increase in the Company's effective income tax rate for the three months ended March 31, 2024, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders and a decrease in deductions related to payments of stock-based compensation benefits.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. In the absence of an extension of the Internal Revenue Service ("IRS") and the U.S. Treasury Notice 2023-42 (which provides relief of penalties related to the 2023 estimated tax payments associated with the CAMT liability), the Company will begin including the CAMT liability with its estimated cash payments in 2024. The Company will continue to evaluate the impacts of the IRA as the U.S. Treasury and the IRS issue additional guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended March 31,	
	2024	2023
Components of net periodic pension benefit cost:		
Service cost	$ 5	$ 4
Interest cost	21	22
Expected return on plan assets	(24)	(23)
Amortization of prior service credit	(1)	(1)
Amortization of actuarial loss	6	4
Net periodic pension benefit cost	$ 7	$ 6
Components of net periodic other postretirement benefit credit:		
Service cost	$ 1	$ 1
Interest cost	3	4
Expected return on plan assets	(3)	(3)
Amortization of prior service credit	(8)	(8)
Amortization of actuarial loss	—	1
Net periodic other postretirement benefit credit	$ (7)	$ (5)

The Company contributed $11 million and $10 million for the funding of its defined benefit pension plans for the three months ended March 31, 2024 and 2023, respectively. The Company expects to make pension contributions to the plan trusts of $33 million during the remainder of 2024.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of March 31, 2024, the Company has accrued approximately $6 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $2 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Water Main Break Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. In August 2020, WVAWC filed a Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia seeking to vacate or remand the Circuit Court's order certifying the issues class. In January 2021, the Supreme Court of Appeals remanded the case back to the Circuit Court for further consideration in light of a decision issued in another case relating to the class certification issues raised on appeal. In July 2022, the Circuit Court entered an order again certifying a class to address at trial certain liability issues but not to consider damages. In August 2022, WVAWC filed another Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia challenging the West Virginia Circuit Court's July 2022 order, which petition was denied on June 8, 2023. On August 21, 2023, the Circuit Court set a date of September 9, 2024, for a class trial on issues relating to duty and breach of that duty. The trial will not find class-wide or punitive damages.

The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint. WVAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot reasonably estimate the amount of any reasonably possible loss or a range of loss related to this proceeding.

Chattanooga, Tennessee Water Main Break Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. On January 12, 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. On February 9, 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. On September 21, 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. On October 12, 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On December 1, 2023, TAWC filed a memorandum in opposition to the amended class definition. On January 18, 2024, and April 19, 2024, the court heard oral argument on the motions. On April 19, 2024, the court provided an oral ruling denying the amended class and incorporating its denial of the original class. A written order will be drafted, and when entered, the Tennessee Plaintiffs will have a right under state law to appeal the denial of class certification.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. The motion was granted orally as to all four class action lawsuits but no written order has yet been entered.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer the complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* to the West Virginia Business Court was granted and trial and resolution judges were assigned. WVAWC's partial motion to dismiss this lawsuit remains pending.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On March 28, 2024, the Kanawha County Circuit Court trial judge filed a memorandum opposing the referral. The referral motion remains pending with the Chief Justice of the West Virginia Supreme Court.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims being filed, the claims process was concluded on March 8, 2024. As of March 31, 2024, a total of 557 Mountaineer Gas customers completed this claims process, with another 87 claims to be completed, and the completed claimants were paid by WVAWC an average of approximately $1,500 each. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation. WVAWC is cooperating with its general investigation. On March 1, 2024, the staff of the WVPSC issued an initial memorandum in each separate general investigation for Mountaineer Gas and WVAWC. On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. Both general investigations remain pending, and the due date for the staff memorandum in the WVAWC general investigation is July 24, 2024.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has meritorious defenses to such claims, and WVAWC is defending itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"). The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In September 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In September 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $248 million in aggregate costs as of March 31, 2024, related to the Water Supply Project, which includes $76 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project, which is not expected to produce additional water until 2024 at the earliest. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. This decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding, and further evidentiary hearings were held in March 2024.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 final decision and its December 2022 final decision, as amended by its March 30, 2023, rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. The withdrawal of the Original Jurisdiction Application did not impact Cal Am's appeal of the City's denial of the Marina Application, which remains pending before the Coastal Commission. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of the slant wells. Cal Am is named as a real party in interest. On November 14, 2023, the court set an initial trial date of May 1, 2024. This matter remains pending.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2023, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2024 and future years may be impacted by a number of factors, including, without limitation, potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. The trial court's prior trial date of May 6, 2024, for Cal Am's remaining tort claims against MCWD, has been vacated, and a new trial date will be set for later in the year.

Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeals regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Actions

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requesting access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. On December 15, 2023, the MPWMD filed a lawsuit in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserts that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. The motion is scheduled for a hearing on May 3, 2024.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

West Virginia Elk River Freedom Industries Chemical Spill

On June 8, 2018, the U.S. District Court for the Southern District of West Virginia granted final approval of a settlement class and global class action settlement (the "Settlement") for all claims and potential claims by all class members (collectively, the "West Virginia Plaintiffs") arising out of the January 2014 Freedom Industries, Inc. chemical spill in West Virginia. The effective date of the Settlement was July 16, 2018. Under the terms and conditions of the Settlement, WVAWC and certain other Company affiliated entities did not admit, and will not admit, any fault or liability for any of the allegations made by the West Virginia Plaintiffs in any of the actions that were resolved.

As of March 31, 2024, $0.5 million of the aggregate Settlement amount of $126 million remains reflected in accrued liabilities, and $0.5 million in an offsetting insurance receivable remains reflected in other current assets on the Consolidated Balance Sheets pending resolution of all asserted actual or potential claims associated with this matter. The amount reflected in accrued liabilities reflects the status of the liability and the offsetting insurance receivable reflected in other current assets, each as of March 31, 2024.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended March 31,	
	2024	**2023**
Numerator:		
Net income attributable to common shareholders	$ 185	$ 170
Denominator:		
Weighted-average common shares outstanding—Basic	195	186
Effect of dilutive common stock equivalents	—	—
Weighted-average common shares outstanding—Diluted	195	186

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three months ended March 31, 2024 and 2023, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million and $720 million as of March 31, 2024 and December 31, 2023, respectively. On February 2, 2024, the secured seller promissory note from the sale of HOS was amended to increase the principal amount, in full satisfaction of a $75 million contingent cash payment, see Note 5—Acquisitions and Divestitures for additional information. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $789 million and $704 million as of March 31, 2024 and December 31, 2023, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of March 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,123	10,402	1,035	653	12,090

	As of December 31, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	9,575	1,044	757	11,376

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 42	$ —	$ —	$ 42
Rabbi trust investments	25	—	—	25
Deposits	8	—	—	8
Other investments				
Money market and other	20	—	—	20
Fixed-Income Securities	135	6	—	141
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	29	—	—	29
Total liabilities	29	—	—	29
Total assets	$ 201	$ 6	$ —	$ 207

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	22	—	—	22
Deposits	8	—	—	8
Other investments				
Money market and other	26	—	—	26
Fixed-Income Securities	140	6	—	146
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	27	—	—	27
Mark-to-market derivative liability	—	8	—	8
Total liabilities	27	8	—	35
Total assets	$ 203	$ (2)	$ —	$ 201

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on observable market prices and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $72 million and $62 million in other current assets, as of March 31, 2024 and December 31, 2023, respectively, and $90 million and $111 million in other long-term assets, as of March 31, 2024 and December 31, 2023, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities as of March 31, 2024 and December 31, 2023:

	As of March 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 138	$ 6	$ 3	$ 141

	As of December 31, 2023			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 143	$ 6	$ 3	$ 146

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of March 31, 2024, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 98
1 year - 5 years	30
5 years - 10 years	4
Greater than 10 years	9
Total	$ 141

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 36 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $144 million as of March 31, 2024 and December 31, 2023. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $3 million in 2024, $4 million in 2025 through 2028, and $41 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for the three months ended March 31, 2024 and March 31, 2023.

For the three months ended March 31, 2024, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million. For the three months ended March 31, 2024, there were ROU assets obtained in exchange for new operating lease liabilities of $6 million.

As of March 31, 2024, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of March 31, 2024, were $8 million in 2024, $10 million in 2025, $9 million in 2026, $9 million in 2027, $7 million in 2028, and $89 million thereafter. As of March 31, 2024, imputed interest was $48 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended March 31, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 928	$ 83	$ 1,011
Depreciation and amortization	184	4	188
Total operating expenses, net	611	74	685
Interest expense	(97)	(27)	(124)
Interest income	3	21	24
Provision for income taxes	53	4	57
Net income attributable to common shareholders	185	—	185
Total assets	27,807	3,279	31,086
Cash paid for capital expenditures	603	6	609

	As of or for the Three Months Ended March 31, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 860	$ 78	$ 938
Depreciation and amortization	169	3	172
Total operating expenses, net	572	71	643
Interest expense	(87)	(28)	(115)
Interest income	1	13	14
Provision for (benefit from) income taxes	46	(2)	44
Net income (loss) attributable to common shareholders	174	(4)	170
Total assets	25,626	2,660	28,286
Cash paid for capital expenditures	524	2	526

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2023. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three months ended March 31, 2024, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $0.95, an increase of $0.04, as compared to the same period in the prior year. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from its capital and acquisition investments, offset somewhat by increased production and employee related costs, higher financing costs to fund the capital investment plan, including the 2023 equity issuance, and $0.05 per share of net unfavorable one-time items year-over-year. Results for the three months ended March 31, 2024, include additional interest income of $0.02 per share, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) the addition of approximately 4,400 new customers through organic growth in existing systems. The Company plans to invest approximately $3.1 billion in these growth strategies in 2024. During the first three months of 2024, the Company invested $720 million, primarily in the Regulated Businesses, as discussed below.

Growth and Optimization

- $634 million capital investment, primarily in the Regulated Businesses for infrastructure improvements and replacements; and
- $86 million to fund the Company's Illinois subsidiary's acquisition of a wastewater treatment plant and related assets from Granite City, which treatment plant serves approximately 26,000 customers, including 15,500 customers indirectly in surrounding communities

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition upon final regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the public wastewater collection and treatment system assets (the "System Assets") from the Butler Area Sewer Authority. On November 9, 2023, the Pennsylvania Public Utility Commission (the "PaPUC") approved a settlement agreement without modification with respect to the Company's Pennsylvania subsidiary's application to acquire the System Assets from the Butler Area Sewer Authority for a purchase price of $230 million, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 15,000 customer connections. On December 14, 2023, Center Township and Summit Township filed appeals with the Pennsylvania Commonwealth Court seeking to reverse the order entered by the PaPUC approving the sale of the System Assets. On December 29, 2023, the Company's Pennsylvania subsidiary filed applications with the Commonwealth Court seeking to dismiss the appeals and requesting expedited consideration. By order dated February 1, 2024, the Commonwealth Court deferred deciding the application to dismiss the appeals and directed that the issues raised by the applications to dismiss are to be considered as part of the merits of the appeals and that the disposition of the appeals was to be expedited. Based on the court's schedule, the Company estimates that the disposition of the appeals could occur as soon as the second quarter of 2024.

In December 2020, the Company's Pennsylvania subsidiary entered into an agreement (an acquisition intended to comply with Act 12 (discussed below)) to acquire the wastewater collection system assets of Brentwood Borough ("Brentwood") for a purchase price of approximately $19 million. On February 22, 2024, the PaPUC denied the Pennsylvania subsidiary's application to acquire Brentwood. On April 3, 2024, the Pennsylvania subsidiary filed an appeal of the decision with the Pennsylvania Commonwealth Court, asserting, among other things, the PaPUC did not apply the correct legal standard in its decision. The Company cannot currently predict the outcome of this appeal, and the matter remains pending.

As of March 31, 2024, the Company had entered into 26 agreements with a total aggregate purchase price of $517 million for pending acquisitions in the Regulated Businesses, including the agreements discussed above, to add approximately 66,800 additional customers. Four of these 26 agreements, representing an aggregate purchase price of $251 million (including Butler Area Sewer Authority, discussed above) and serving approximately 18,800 customers, have received commission approval. The remaining pending acquisitions, including 13,400 customers under Act 12, require regulatory approval to complete.

On February 7, 2024, the PaPUC proposed the Tentative Supplemental Implementation Order which seeks to make certain changes to the process by which the PaPUC considers and decides applications to acquire water and wastewater assets under Pennsylvania's existing utility valuation law, known as Act 12 of 2016 ("Act 12"). The Tentative Supplemental Implementation Order proposes, among other things, a reasonableness review ratio that would be applied to help guide the determination on the overall prudency of the transaction and reasonableness of the purchase price. The public comment period on the proposed Tentative Supplemental Implementation Order has ended and a final order is expected soon. Separately, draft legislation has also been proposed in the Pennsylvania House of Representatives that would amend Act 12 and establish new guidelines for evaluating applicable acquisitions. The Company cannot currently predict the outcome of these or other legislative initiatives, or their impacts, but the Company intends to continue to support outcomes that allow for consolidation and investment in water and wastewater infrastructure in Pennsylvania and in its other regulated jurisdictions.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the U.S. Environmental Protection Agency ("EPA") announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company performed an initial review of the NPDWR, when it was proposed by the EPA in March 2023, to assess the MCL requirements for PFAS and the application of the Hazard Index approach for PFNA, PFBS, PFHxS, and GenX Chemicals. While the proposed MCLs were finalized without change, EPA also set MCLs for three of the four PFAS analytes included in the Hazard Index as part of the final rule. Subject to the Company's continuing review of the NPDWR and the adoption of more stringent requirements by state environmental regulators, as previously disclosed, the Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities over a five-year period in order to comply with the new regulations. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning after the April 2029 compliance deadline. The actual expenses may differ from these estimates and will be dependent upon the Company completing its review and analysis of the NPDWR.

The Company supports sound policies and compliance with the NPDWR by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Part II, Item 1—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). American Water is evaluating the final rule. The Company, along with a coalition (Water Coalition Against PFAS) of many other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS related liability.

Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024:

(In millions)	Effective Date	Amount
General rate cases by state:		
West Virginia	February 25, 2024	$ 18
Indiana, Step Increase	February 21, 2024	25
Total general rate case authorizations		$ 43

On March 4, 2024, the West Virginia Public Service Commission issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.8%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.1% and a long-term debt ratio of 49.9%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission ("IURC") issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.84 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $17 million in May 2024, and $24 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026.

On May 1, 2024, the Company's Tennessee subsidiary filed a general rate case requesting approximately $14 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 54.52% and debt component of 45.48%. The requested annualized revenue increase is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 25, 2024, the Company's Illinois subsidiary filed tariffs for new water and wastewater rates. The request seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $132 million, excluding infrastructure surcharges of $5 million, effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on a future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The requested increases are driven primarily by an estimated $557 million in capital investments to be made by the Illinois subsidiary from January 2024 through December 2025. The request also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery.

On January 19, 2024, the Company's New Jersey subsidiary filed a general rate case requesting approximately $162 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 56.30% and a debt component of 43.70%. The requested annualized revenue increase is driven primarily by approximately $1.3 billion in capital investments made and to be made by the New Jersey subsidiary through December 2024. The request also proposes a revenue decoupling mechanism and seeks a deferral of certain production cost adjustments.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the California Public Utilities Commission ("CPUC") granted the request for a one year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

On November 8, 2023, the Company's Pennsylvania subsidiary filed a general rate case requesting approximately $204 million in additional annualized revenues, excluding projected infrastructure surcharges of $20 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.30% and a debt component of 44.70%. The requested annualized incremental revenue increase is driven primarily by an estimated $1.0 billion of incremental capital investments to be made through mid-2025. The request also proposes a mechanism to address compliance with evolving environmental requirements, such as emerging federal regulations for lead and PFAS substances. If approved, the new rates would be expected to take effect on August 7, 2024.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund.

On June 30, 2023, the Company's Kentucky subsidiary filed a general rate case requesting $26 million in additional annualized revenues, excluding infrastructure surcharges of $10 million. Proposed rates were effective on an interim basis on February 6, 2024, and the difference between the interim and final approved rates is subject to refund. The request is based on a proposed return on common equity of 10.75% and a proposed capital structure with a common equity component of 52.45%. An order is expected in the general rate case in May of 2024.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. On November 17, 2023, the California subsidiary filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by the California subsidiary to be $20 million in the 2024 test year, $16 million in the 2025 escalation year, and $15 million in the 2026 attrition year. The partial settlement agreement addresses the California subsidiary's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate the California subsidiary's revenue and water sales. New rates would be implemented retroactively to January 1, 2024, upon a final decision issued by the CPUC approving the partial settlement agreement and resolving the other issues not addressed by the partial settlement agreement, which is expected to occur in the second half of 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	April 30, 2024	$ 9
Pennsylvania	April 1, 2024	7
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Missouri	January 20, 2024	26
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 55

(a) On March 5, 2024, the West Virginia Public Service Commission directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

Pending Infrastructure Surcharge Filings

On March 1, 2024, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $20 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which, if adopted, will become effective upon receiving an order in the current pending rate case.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Operating revenues	$ 1,011	$ 938
Operating expenses:		
Operation and maintenance	416	393
Depreciation and amortization	188	172
General taxes	81	78
Total operating expenses, net	685	643
Operating income	326	295
Other (expense) income:		
Interest expense	(124)	(115)
Interest income	24	14
Non-operating benefit costs, net	9	9
Other, net	7	11
Total other (expense) income	(84)	(81)
Income before income taxes	242	214
Provision for income taxes	57	44
Net income attributable to common shareholders	$ 185	$ 170

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Operating revenues	$ 928	$ 860
Operation and maintenance	351	330
Depreciation and amortization	184	169
General taxes	76	73
Other expenses	(79)	(68)
Provision for income taxes	53	46
Net income attributable to common shareholders	$ 185	$ 174

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Water services:		
Residential	$ 504	$ 461
Commercial	187	171
Fire service	41	39
Industrial	42	38
Public and other	58	65
Total water services	832	774
Wastewater services:		
Residential	59	54
Commercial	16	14
Industrial	2	2
Public and other	8	6
Total wastewater services	85	76
Other (a)	11	10
Total operating revenues	$ 928	$ 860

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

	For the Three Months Ended March 31,	
	2024	2023
(Gallons in millions)		
Billed water services volumes:		
Residential	34,414	33,808
Commercial	17,291	16,836
Industrial	8,337	8,840
Fire service, public and other	11,116	11,688
Total billed water services volumes	71,158	71,172

For the three months ended March 31, 2024, operating revenues increased $68 million, primarily due to a $53 million increase from authorized rate increases, including infrastructure surcharges, principally to fund infrastructure investment in various states and an $8 million increase from water and wastewater acquisitions, as well as organic growth in existing systems. In addition, operating revenues were $6 million higher as a result of reduced amortization of EADIT, primarily in the Company's Missouri subsidiary.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Employee-related costs	$ 135	$ 129
Production costs	102	93
Operating supplies and services	63	57
Maintenance materials and supplies	22	22
Customer billing and accounting	14	13
Other	15	16
Total operation and maintenance expense	$ 351	$ 330

For the three months ended March 31, 2024, operation and maintenance expense increased $21 million, primarily due to increased production costs from higher purchased water usage and increased fuel, power and chemicals costs. In addition, operation and maintenance expense was higher due to increased employee related costs, primarily from annual merit increases.

Depreciation and Amortization

For the three months ended March 31, 2024, depreciation and amortization increased $15 million, primarily due to additional utility plant placed in service from capital infrastructure investments.

Other Expenses

For the three months ended March 31, 2024, other expenses increased $11 million, primarily due to higher interest expense from the issuance of incremental long-term debt in June 2023 and February 2024, as well as a decrease in allowance for funds used during construction in the current period. These increases were partially offset by a decrease in interest expense as a result of lower average commercial paper borrowings.

Provision for Income Taxes

For the three months ended March 31, 2024, the Regulated Businesses' provision for income taxes increased $7 million. The Regulated Businesses' effective income tax rate was 22.3% and 20.9% for the three months ended March 31, 2024 and 2023, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Operating revenues	$ 83	$ 78
Operation and maintenance	65	63
Depreciation and amortization	4	3
General taxes	5	5
Interest expense	(27)	(28)
Interest income	21	13
Other income	1	2
Provision (benefit) for income taxes	4	(2)
Net income (loss) attributable to common shareholders	$ —	$ (4)

Operating Revenues

For the three months ended March 31, 2024, operating revenues increased $5 million, from an increase in capital projects in MSG, primarily at Naval Station Mayport. The Naval Station Mayport contract was awarded on June 30, 2022, with the performance start date for operation on March 1, 2023.

Operation and Maintenance

For the three months ended March 31, 2024, operation and maintenance expense increased $2 million, primarily due to costs associated with the increased capital projects in MSG.

Interest income

For the three months ended March 31, 2024, interest income increased $8 million, primarily due to the increased interest rate on the amended secured seller promissory note from the sale of HOS. See Note 5—Acquisitions and Divestitures in the Notes to Consolidated Financial Statements for additional information.

Legislative Updates

During 2024, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of May 1, 2024:

- New Jersey passed Assembly Bill 4791, establishing the "Resiliency and Environmental System Investment Charge Program," which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance such as existing and proposed requirements for PFAS, safety, and public health. Legislation was signed by the Governor and became effective on January 12, 2024.
- Indiana passed Senate Bill 5, which provides access to a property by a water utility to replace lead service lines when a landowner does not enroll in the offered lead service line replacement program, does not personally replace the customer owned portion of the lead service line following notice and a 45-day waiting period, or is non-responsive to attempted communication after the 45-day waiting period. Legislation was signed by the Governor and became effective on March 11, 2024.

During 2024, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of May 1, 2024:

- Iowa passed House File 2101, which increases the threshold amount required for approval by the Iowa Utilities Board for water and wastewater utility acquisition filings from $0.5 million to $3 million. Legislation was signed by the Governor on April 10, 2024 and will become effective on July 1, 2024.
- Indiana passed Senate Bill 247, which establishes a 30-day filing with the IURC by a utility for an acquisition of utilities, with an appraised value and purchase price of less than $3 million under the offered utility statute. Legislation was signed by the Governor on March 11, 2024, and will become effective on July 1, 2024.
- West Virginia passed House Bill 5617, which adopts standards and authorizes the Public Service Commission to promulgate rules for maintenance, flushing, flow testing, and marking of fire hydrants owned by water utilities. Also allows for rate recovery. Legislation was signed by the Governor on March 20, 2024, and will become effective on June 4, 2024.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey water service system assets (the "Monterey system assets") of the Company's California subsidiary ("Cal Am") are the subject of a potential condemnation action by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action and Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. In the absence of an extension of the Internal Revenue Service ("IRS") and the U.S. Treasury Notice 2023-42 (which provides relief of penalties related to the 2023 estimated tax payments associated with the CAMT liability), the Company will begin including the CAMT liability with its estimated cash payments in 2024. The Company will continue to evaluate the impacts of the IRA as the U.S. Treasury and the IRS issue additional guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets, future issuances of equity, and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% senior notes due 2034 and $700 million aggregate principal amount of its 5.450% senior notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC is using the net proceeds of the offering (1) to lend funds to American Water and the Regulated Businesses; (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2028. and permits AWCC to increase the maximum commitment by up to an aggregate of $500 million and to request extensions of its expiration date for up to two one-year periods, as to which one such extension request remains. As of March 31, 2024 and December 31, 2023, there were no borrowings under the revolving credit facility. As of March 31, 2024 and December 31, 2023, there were $75 million of outstanding letters of credit under its revolving credit facility. At March 31, 2024, there was no outstanding short-term debt as the net proceeds of the debt offering on February 23, 2024, were used to repay the outstanding short-term commercial paper obligations. At December 31, 2023, there was $180 million, or net of discount $179 million of outstanding short-term debt and the weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 5.51%.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility as of March 31, 2024 and December 31, 2023, as well as the available capacity for each:

	As of March 31, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of March 31, 2024	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.68 billion as of March 31, 2024, was accessible through revolver draws.

	As of December 31, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.50 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2024 and December 31, 2023, respectively:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2024	$ 584	$ 2,675	$ 3,259
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2024 or 2023.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Net income	$ 185	$ 170
Add (less):		
Depreciation and amortization	188	172
Deferred income taxes and amortization of investment tax credits	8	26
Other non-cash activities (a)	9	(32)
Changes in working capital (b)	3	(41)
Pension contributions	(11)	(10)
Net cash provided by operating activities	$ 382	$ 285

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in working capital include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other current assets and liabilities, net.

For the three months ended March 31, 2024, cash provided by operating activities increased $97 million, due to changes in working capital, which is mainly due to the utilization of an income tax receivable for the current year tax liability, as well as an increase to net income and other non-cash activities.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Net capital expenditures	$ (609)	$ (526)
Acquisitions, net of cash acquired	(86)	(4)
Other investing activities, net (a)	(38)	(31)
Net cash used in investing activities	$ (733)	$ (561)

(a) Includes removal costs from property, plant and equipment retirements.

For the three months ended March 31, 2024, cash used in investing activities increased $172 million, primarily due to increased payments for capital expenditures and acquisitions.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

	For the Three Months Ended March 31,	
	2024	2023
(In millions)		
Proceeds from long-term debt	$ 1,391	$ 8
Repayments of long-term debt	(449)	(4)
Net proceeds from common stock financing	—	1,688
Net short-term repayments with maturities less than three months	(179)	(1,175)
Debt issuance costs and make-whole premium on early debt redemption	(14)	—
Dividends paid	(138)	(119)
Other financing activities, net (a)	2	3
Net cash provided by financing activities	$ 613	$ 401

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the three months ended March 31, 2024, cash provided by financing activities increased $212 million, primarily due to the issuance of long-term debt in February 2024 and lower repayments of short-term commercial paper borrowings compared to the prior period. This was partially offset by the repayment of long-term debt in the current period and the proceeds from the common stock financing in March 2023.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On March 31, 2024, the Company's ratio was 0.57 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of May 1, 2024, as issued by Moody's Investors Service on January 29, 2024, and S&P Global Ratings on March 4, 2024:

Securities	Moody's Investors Service	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. As of March 31, 2024, there were no treasury lock agreements outstanding as the Company terminated the treasury lock agreements in February 2024. There have been no other significant changes to the Company's exposure to market risk since December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2024.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2024, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

Water Supply Project Land Acquisition and Slant Well Site Use

The July 15, 2024 trial date previously set by the Monterey County Superior Court for the City's May 2020 lawsuit has been vacated pending receipt of the SWRCB's expert advisory opinion. The court scheduled a status and trial setting conference for July 15, 2024.

Challenges Related to Compliance with California's Sustainable Groundwater Management Act

In November 2021, the City appealed the court's decision denying the City's claims, and in December 2021, Monterey County appealed as to the court's finding that the City's action creating a GSA was not void. The related validation and reverse validation actions remain stayed during the pendency of the appeal. On November 13, 2023, the California Court of Appeal affirmed the trial court's decision. On December 22, 2023, the City filed a petition for review with the California Supreme Court, which was denied on February 14, 2024.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. The trial court's prior trial date of May 6, 2024, for Cal Am's remaining tort claims against MCWD, has been vacated, and a new trial date will be set for later in the year.

Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action

Local Agency Formation Commission Litigation

On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeals regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024.

MPWMD Condemnation Action

On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserts that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. The motion is scheduled for a hearing on May 3, 2024.

Chattanooga, Tennessee Class Action Litigation

On January 18, 2024, and April 19, 2024, the court heard oral argument on the motions related to the Tennessee Plaintiffs' motion for an amended class definition. On April 19, 2024, the court provided an oral ruling denying the amended class and incorporating its denial of the original class. A written order will be drafted, and when entered, the Tennessee Plaintiffs will have a right under state law to appeal the denial of class certification.

Mountaineer Gas Company Main Break

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the first three lawsuits before a single judge in Kanawha County Circuit Court. The motion was granted orally but no written order has yet been entered.

On March 6, 2024, the motion to transfer the complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* to the West Virginia Business Court was granted and assigned trial and resolution judges. WVAWC's partial motion to dismiss this lawsuit remains pending.

On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On March 28, 2024, the Kanawha County Circuit Court trial judge filed a memorandum opposing the referral. The referral motion remains pending with the Chief Justice of the West Virginia Supreme Court.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 per affected household for the inconvenience arising from a loss of use of their applicances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims being filed, the claims process was concluded on March 8, 2024. As of March 31, 2024, a total of 557 Mountaineer Gas customers completed the claims process, with another 87 claims pending completion, and the completed claimants were paid by WVAWC an average of approximately $1,500 each. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On March 1, 2024, the staff of the WVPSC issued an initial memorandum in each separate general investigation for Mountaineer Gas and WVAWC. On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. Both general investigations remain pending, and the due date for the staff memorandum in the WVAWC general investigation is July 24, 2024.

PFAS Multi-District Litigation

On February 8, 2024, after a hearing on December 14, 2023, the MDL court issued its final approval of the DuPont settlement. A fairness hearing on the 3M settlement was held on February 2, 2024, and that settlement was approved by the MDL court on March 29, 2024. The Company has begun the process of perfecting its claims under each settlement within the time periods provided by the MDL court. On April 26, 2024, a potential class action settlement involving defendant Tyco Fire Products LP was filed with the MDL court to resolve claims brought in the MDL against this defendant by public water systems. This potential settlement remains subject to preliminary and final approval of the MDL court. The MDL matter remains pending.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended March 31, 2024. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through March 31, 2024, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.3	Officers' Certificate of American Water Capital Corp., dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
*10.1	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant.
*10.2	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO).
*10.3	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1.
*10.4	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO).

Exhibit Number	Exhibit Description
*10.5	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1.
*10.6	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO).
*10.7	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1.
*10.8	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO).
10.9#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
*22.1	Guaranteed Securities.
*31.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and the Amendment to Secured Seller Note Agreement filed as Exhibit 10.9 to this Quarterly Report on Form 10-Q have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 1st day of May, 2024.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.1

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2024 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraph (c) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2025	1/3
January 31, 2026	1/3
January 31, 2027	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2027, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraph (c) below, if at any time prior to January 31, 2027, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If at any time prior to January 31, 2027, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined below), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted

Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan.

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such

form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in Paragraph 3(c) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of

1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock,

(c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld, up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: President and CEO

Exhibit 10.2

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2024 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2025	1/3
January 31, 2026	1/3
January 31, 2027	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2027, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2027, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2027, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or

nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2027, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph 3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2027, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company

on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a) above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's

Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging,

donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or

service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld, up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code,

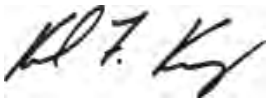
distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2023, and December 31, 2026, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(e), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a

termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems

appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies

that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company

hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended

without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: President and CEO

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.4

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2023, and December 31, 2026, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the

number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the

Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the

manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is

necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of

the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

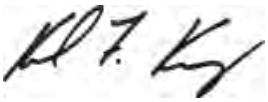
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.5

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of

Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive

Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign,

pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a

manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: President and CEO

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.6

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early

Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the

applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's

discretion, be satisfied by having shares of Company Stock withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or

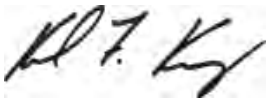
unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.7

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of

Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive

Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign,

pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a

manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: President and CEO

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early

Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the

applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's

discretion, be satisfied by having shares of Company Stock withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or

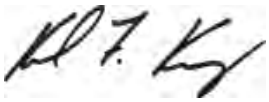
unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.400% Senior Notes due 2025
3.000% Senior Notes due 2026
2.950% Senior Notes due 2027
3.750% Senior Notes due 2028
3.450% Senior Notes due 2029
2.800% Senior Notes due 2030
2.300% Senior Notes due 2031
4.450% Senior Notes due 2032
5.150% Senior Notes due 2034
6.593% Senior Notes due 2037
4.300% Senior Notes due 2042
4.300% Senior Notes due 2045
4.000% Senior Notes due 2046
3.750% Senior Notes due 2047
4.200% Senior Notes due 2048
4.150% Senior Notes due 2049
3.450% Senior Notes due 2050
3.250% Senior Notes due 2051
5.450% Senior Notes due 2054

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

By: /s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)
May 1, 2024

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
May 1, 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of October 23, 2023
Common Stock, par value $0.01 per share	**194,704,997**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at https://amwater.com, an Investor Relations website at https://ir.amwater.com, and a Diversity and Inclusion website at https://diversityataw.com. Information contained on the Company's websites, including its Sustainability Report, its Inclusion, Diversity and Equity Report, and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's growth and portfolio optimization strategies, including the timing and outcome of pending or future acquisition activity; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount and allocation of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to execute its current and long-term business, operational and capital expenditures strategies; the Company's ability to finance current operations, capital expenditures and growth initiatives by accessing the debt and equity capital markets; the outcome and impact on the Company of governmental and regulatory proceedings and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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 herein as a result of the following important factors:

- 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;
- changes in laws, governmental regulations and policies, including with respect to the environment, health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;

- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means;
- 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;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations;
  - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
  - the Company's ability to receive any contingent consideration provided for in the HOS sale, as well as amounts due, payable and owing to the Company under the seller note when due; and
  - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and 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 GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations, 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 potential proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2023	December 31, 2022
ASSETS		
Property, plant and equipment	$ 31,397	$ 29,736
Accumulated depreciation	(6,709)	(6,513)
Property, plant and equipment, net	24,688	23,223
Current assets:		
Cash and cash equivalents	628	85
Restricted funds	33	32
Accounts receivable, net of allowance for uncollectible accounts of $53 and $60, respectively	382	334
Income tax receivable	54	114
Unbilled revenues	318	275
Materials and supplies	111	98
Other	278	312
Total current assets	1,804	1,250
Regulatory and other long-term assets:		
Regulatory assets	1,039	990
Seller promissory note from the sale of the Homeowner Services Group	720	720
Operating lease right-of-use assets	86	82
Goodwill	1,143	1,143
Other	338	379
Total regulatory and other long-term assets	3,326	3,314
Total assets	$ 29,818	$ 27,787

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2023	December 31, 2022
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,119,751 and 187,200,539 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,541	6,824
Retained earnings	1,764	1,267
Accumulated other comprehensive loss	(22)	(23)
Treasury stock, at cost (5,414,867 and 5,342,477 shares, respectively)	(388)	(377)
Total common shareholders' equity	9,897	7,693
Long-term debt	11,698	10,926
Redeemable preferred stock at redemption value	3	3
Total long-term debt	11,701	10,929
Total capitalization	21,598	18,622
Current liabilities:		
Short-term debt	—	1,175
Current portion of long-term debt	492	281
Accounts payable	228	254
Accrued liabilities	605	706
Accrued taxes	82	49
Accrued interest	124	91
Other	212	255
Total current liabilities	1,743	2,811
Regulatory and other long-term liabilities:		
Advances for construction	340	316
Deferred income taxes and investment tax credits	2,632	2,437
Regulatory liabilities	1,478	1,590
Operating lease liabilities	74	70
Accrued pension expense	201	235
Other	213	202
Total regulatory and other long-term liabilities	4,938	4,850
Contributions in aid of construction	1,539	1,504
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 29,818	$ 27,787

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues	$ 1,167	$ 1,082	$ 3,202	$ 2,861
Operating expenses:				
Operation and maintenance	436	416	1,248	1,156
Depreciation and amortization	177	164	523	485
General taxes	76	63	227	208
Other	—	—	(1)	—
Total operating expenses, net	689	643	1,997	1,849
Operating income	478	439	1,205	1,012
Other (expense) income:				
Interest expense	(117)	(111)	(342)	(317)
Interest income	23	14	52	39
Non-operating benefit costs, net	9	19	26	58
Other, net	14	6	37	38
Total other (expense) income	(71)	(72)	(227)	(182)
Income before income taxes	407	367	978	830
Provision for income taxes	84	70	205	157
Net income attributable to common shareholders	$ 323	$ 297	$ 773	$ 673
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.66	$ 1.63	$ 4.03	$ 3.70
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.66	$ 1.63	$ 4.03	$ 3.70
Weighted-average common shares outstanding:				
Basic	195	182	192	182
Diluted	195	182	192	182

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income attributable to common shareholders	$ 323	$ 297	$ 773	$ 673
Other comprehensive income, net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 and $1 for the three months ended September 30, 2023 and 2022, respectively and $0 and $1 for the nine months ended September 30, 2023 and 2022, respectively	1	—	1	2
Unrealized gain on cash flow hedges, net of tax of $0 for the three months ended September 30, 2023 and 2022, and $0 and $1 for the nine months ended September 30, 2023 and 2022, respectively	—	1	—	4
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $0 for the three months ended September 30, 2023 and 2022, and $0 for the nine months ended September 30, 2023 and 2022	(1)	—	—	—
Net other comprehensive income	—	1	1	6
Comprehensive income attributable to common shareholders	$ 323	$ 298	$ 774	$ 679

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 773	$ 673
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	523	485
Deferred income taxes and amortization of investment tax credits	129	13
Provision for losses on accounts receivable	17	17
Pension and non-pension postretirement benefits	(2)	(37)
Other non-cash, net	(28)	(31)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(109)	(129)
Income tax receivable	60	(40)
Pension and non-pension postretirement benefit contributions	(34)	(40)
Accounts payable and accrued liabilities	18	(9)
Accrued taxes	37	(108)
Other assets and liabilities, net	(37)	(30)
Net cash provided by operating activities	1,347	764
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,779)	(1,597)
Acquisitions, net of cash acquired	(36)	(288)
Net proceeds from sale of assets	—	608
Removal costs from property, plant and equipment retirements, net	(113)	(85)
Net cash used in investing activities	(1,928)	(1,362)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	1,246	822
Repayments of long-term debt	(263)	(14)
Net proceeds from common stock financing	1,688	—
Net short-term repayments with maturities less than three months	(1,175)	50
Advances and contributions in aid of construction, net of refunds of $21 and $13 for the nine months ended September 30, 2023 and 2022, respectively	40	64
Debt issuance costs and make-whole premium on early debt redemption	(15)	(7)
Dividends paid	(395)	(348)
Other, net	(1)	(1)
Net cash provided by financing activities	1,125	566
Net increase (decrease) in cash, cash equivalents and restricted funds	544	(32)
Cash, cash equivalents and restricted funds at beginning of period	117	136
Cash, cash equivalents and restricted funds at end of period	$ 661	$ 104
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 348	$ 347

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	170	—	—	—	170
Common stock issuances (a)	12.7	—	1,695	—	—	—	(11)	1,684
Net other comprehensive income	—	—	—	—	—	—	—	—
Balance as of March 31, 2023	200.1	$ 2	$ 8,519	$ 1,437	$ (23)	(5.4)	$ (388)	$ 9,547
Net income attributable to common shareholders	—	—	—	280	—	—	—	280
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7075 declared per common share)	—	—	—	(137)	—	—	—	(137)
Balance as of June 30, 2023	200.1	$ 2	$ 8,529	$ 1,580	$ (22)	(5.4)	$ (388)	$ 9,701
Net income attributable to common shareholders	—	—	—	323	—	—	—	323
Common stock issuances (a)	—	—	12	—	—	—	—	12
Net other comprehensive income	—	—	—	—	—	—	—	—
Dividends ($0.7075 declared per common share)	—	—	—	(139)	—	—	—	(139)
Balance as of September 30, 2023	200.1	$ 2	$ 8,541	$ 1,764	$ (22)	(5.4)	$ (388)	$ 9,897

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2021	186.9	$ 2	$ 6,781	$ 925	$ (45)	(5.3)	$ (365)	$ 7,298
Net income attributable to common shareholders	—	—	—	158	—	—	—	158
Common stock issuances (a)	0.2	—	15	—	—	—	(12)	3
Net other comprehensive income	—	—	—	—	1	—	—	1
Balance as of March 31, 2022	187.1	$ 2	$ 6,796	$ 1,083	$ (44)	(5.3)	$ (377)	$ 7,460
Net income attributable to common shareholders	—	—	—	218	—	—	—	218
Common stock issuances (a)	—	—	8	—	—	—	—	8
Net other comprehensive income	—	—	—	—	4	—	—	4
Dividends ($0.6550 declared per common share)	—	—	—	(120)	—	—	—	(120)
Balance as of June 30, 2022	187.1	$ 2	$ 6,804	$ 1,181	$ (40)	(5.3)	$ (377)	$ 7,570
Net income attributable to common shareholders	—	—	—	297	—	—	—	297
Common stock issuances (a)	0.1	—	9	—	—	—	—	9
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.6550 declared per common share)	—	—	—	(119)	—	—	—	(119)
Balance as of September 30, 2022	187.2	$ 2	$ 6,813	$ 1,359	$ (39)	(5.3)	$ (377)	$ 7,758

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of September 30, 2023, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2023:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	The guidance requires an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification Topic 606, as if it had originated the contracts. The amendments in this update also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination.	January 1, 2023	Prospective	This standard did not have a material impact on the Consolidated Financial Statements
Troubled Debt Restructurings and Vintage Disclosures	The main provisions of this standard eliminate the receivables accounting guidance for troubled debt restructurings ("TDRs") by creditors while enhancing disclosure requirements when a borrower is experiencing financial difficulty. Entities must apply the loan refinancing and restructuring guidance for receivables to determine whether a modification results in a new loan or a continuation of an existing loan. Additionally, the amendments in this update require that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases.	January 1, 2023	Prospective, with a modified retrospective option for amendments related to the recognition and measurement of TDRs.	This standard did not have a material impact on the Consolidated Financial Statements
Presentation and Disclosure Requirements	The guidance amends GAAP disclosure and presentation requirements for various subtopics in the Financial Accounting Standards Board Codification and was issued in response to the U.S. Securities and Exchange Commission's ("SEC") final rule published in August 2018 that updated and simplified disclosure requirements that it believed were outdated, superseded, overlapping, duplicative and redundant. The new guidance is intended to align GAAP requirements with those of the SEC for all entities.	The date on which the SEC's removal of the related disclosure requirement became effective	Prospective	This standard did not have a material impact on the Consolidated Financial Statements

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In March 2023, the NJEDA issued the utilization certificate for the 2020 tax credits to the Company in the amount of $16 million. The Company sold these tax credits to external parties in March 2023 for $15 million. As of September 30, 2023 and December 31, 2022, the Company had $32 million and $48 million, respectively, in Other current assets and $97 million in Other long-term assets on the Consolidated Balance Sheets as a result of these tax credits. The Company has made the necessary annual filing for the years ended December 31, 2021 and 2022.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the nine months ended September 30:

	2023	2022
Balance as of January 1	$ (60)	$ (75)
Amounts charged to expense	(17)	(17)
Amounts written off	20	19
Other, net (a)	4	9
Balance as of September 30	$ (53)	$ (64)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
General rate cases by state:		
Missouri	May 28, 2023	$ 44
Virginia	April 24, 2023 (a)	11
Pennsylvania	January 28, 2023	138
Illinois	January 1, 2023	67
California, Step Increase	January 1, 2023	13
Total general rate case authorizations		$ 273

(a) Interim rates were effective May 1, 2022, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final Order on April 24, 2023.

On June 29, 2023, the California Public Utilities Commission ("CPUC") issued a decision on the cost of capital application for the Company's California subsidiary, which authorizes a return on equity of 8.98% and a capital structure with an equity component of 57.04% for the three-year period from 2022 to 2024. The CPUC's decision is not retroactive and was effective from the date of the order through the end of 2024. The decision includes a Water Cost of Capital Mechanism (the "WCCM") that would allow the California subsidiary to increase its return on equity for the remainder of 2023 and 2024 based on capital market rates. As authorized by the WCCM, on June 30, 2023, the California subsidiary filed with the CPUC staff an advice letter to seek a 52 basis point increase to the return on equity for 2023, which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, 2023, the California subsidiary filed with the CPUC staff an advice letter to implement a 70 basis point increase to the return on equity, effective January 1, 2024, based on the triggering of the WCCM. After approval, the authorized return on equity will increase to 10.20%.

On May 3, 2023, the Missouri Public Service Commission issued an order approving the March 3, 2023, joint settlement agreement in the general rate case filed on July 1, 2022, by the Company's Missouri subsidiary. The general rate case order approved a $44 million annualized increase in water and wastewater revenues, excluding $51 million in previously approved infrastructure surcharges, and authorized implementation of the new water and wastewater rates effective May 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Missouri subsidiary's 2021 rate case order. The Missouri subsidiary's view of its rate base is $2.3 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 9.75% and 50.0%, respectively.

On April 24, 2023, the Virginia State Corporation Commission issued an order approving the settlement of the rate case filed on September 26, 2022, by the Company's Virginia subsidiary. The general rate case order approved an $11 million annualized increase in water and wastewater revenues. Interim rates in this proceeding were effective on May 1, 2022, and the order required that the difference between interim and the final approved rates were subject to refund within 90 days of the order issuance. The order approves the settlement terms with a return on equity of 9.7% and a common equity ratio of 40.7%. The annualized revenue increase is driven primarily by significant incremental capital investments since the Virginia subsidiary's 2020 rate case order that have been completed or were planned through April 30, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order includes recovery of the Virginia subsidiary's COVID-19 deferral balance. It also includes approval of the accounting deferral of deviations in pension and other postretirement benefits expense from those established in base rates, until the Virginia subsidiary's next base rate case.

On December 8, 2022, the Pennsylvania Public Utility Commission issued an order approving the joint settlement agreement in the rate case filed on April 29, 2022, by the Company's Pennsylvania subsidiary. The general rate case order approved a $138 million annualized increase in water and wastewater revenues, excluding $24 million for previously approved infrastructure filings, and authorizes implementation of the new water and wastewater rates effective January 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Pennsylvania subsidiary's 2021 rate case order that will be completed through December 31, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order also includes recovery of the Pennsylvania subsidiary's COVID-19 deferral balance. The Pennsylvania subsidiary's view of its rate base is $5.1 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 10.0% and 44.8%, respectively.

On December 15, 2022, the Illinois Commerce Commission issued an order approving the adjustment of base rates requested in a rate case filed on February 10, 2022, by the Company's Illinois subsidiary. As updated in the Illinois subsidiary's June 29, 2022 rebuttal filing, the request sought $83 million in additional annualized revenues, excluding previously recovered infrastructure surcharges. The general rate case order approved a $67 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $18 million, effective January 1, 2023, based on an authorized return on equity of 9.78%, authorized rate base of $1.64 billion, a common equity ratio of 49.0% and a debt ratio of 51.0%. The annualized revenue increase is being driven primarily by significant water and wastewater system capital investments since the Illinois subsidiary's 2017 rate case order that have been completed or are planned through December 31, 2023, expected higher pension and other postretirement benefit costs, and increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. Interim rates will be effective May 1, 2024, with the difference between interim and final approved rates subject to refund.

On June 30, 2023, the Company's Kentucky subsidiary filed a general rate case requesting $26 million in additional annualized revenues, excluding infrastructure surcharges of $10 million. An order is expected in the general rate case by the end of the first quarter of 2024.

On May 1, 2023, the Company's West Virginia subsidiary filed a general rate case requesting $45 million in additional annualized revenues, excluding previously approved infrastructure surcharges of $7 million. The general rate case includes a future test year capturing planned investment through 2025 and an order is expected to be issued by February 25, 2024. On June 30, 2023, the West Virginia subsidiary filed its annual infrastructure surcharge requesting $8 million in additional annualized revenues for planned investment through 2024. The infrastructure surcharge will be aligned with the investments recognized in the general rate case if the future test year is approved.

On March 31, 2023, the Company's Indiana subsidiary filed a general rate case requesting $87 million in additional annualized revenues, excluding $41 million of revenue from infrastructure filings already approved, which includes three step increases, with $43 million of the increase to be included in rates in January 2024, $18 million in May 2024, and $26 million in May 2025. Hearings were completed in September and an order is expected in the general rate case by the end of January 2024.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. In October 2023, evidentiary hearings were held, and an order is expected in the general rate case in 2024 with rates retroactive to January 1, 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant water sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	(a)	$ 32
Kentucky	October 1, 2023	4
Indiana	(b)	26
Missouri	January 16, 2023	14
Pennsylvania	January 1, 2023	3
West Virginia	January 1, 2023	7
Total infrastructure surcharge authorizations		$ 86

(a) In 2023, $15 million was effective October 30, $1 million was effective June 29 and $16 million was effective April 29.

(b) In 2023, $20 million was effective March 23 and $6 million was effective March 8.

Pending Infrastructure Surcharge Filings

On September 1, 2023, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $23 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which will become effective upon receiving an order in the current pending rate case.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the New Jersey Board of Public Utilities ("NJBPU") that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. The Company's New Jersey subsidiary filed its brief in support of the appeal on March 4, 2022. Response and Reply briefs were filed on June 22, 2022, and August 4, 2022, respectively. Oral argument was held on March 22, 2023, and the Company expects a decision by the end of 2023. There is no financial impact to the Company as a result of the NJBPU's order, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 607	$ —	$ 607
Commercial	231	—	231
Fire service	40	—	40
Industrial	50	—	50
Public and other	77	—	77
Total water services	1,005	—	1,005
Wastewater services:			
Residential	58	—	58
Commercial	16	—	16
Industrial	2	—	2
Public and other	8	—	8
Total wastewater services	84	—	84
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	(5)	(5)
Lease contract revenue	—	2	2
Total Regulated Businesses	1,098	(3)	1,095
Other	72	—	72
Total operating revenues	$ 1,170	$ (3)	$ 1,167

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 556	$ 1	$ 557
Commercial	207	1	208
Fire service	36	—	36
Industrial	41	1	42
Public and other	82	—	82
Total water services	922	3	925
Wastewater services:			
Residential	45	1	46
Commercial	12	—	12
Industrial	1	—	1
Public and other	7	—	7
Total wastewater services	65	1	66
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	1	1
Lease contract revenue	—	2	2
Total Regulated Businesses	996	7	1,003
Other	80	(1)	79
Total operating revenues	$ 1,076	$ 6	$ 1,082

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,622	$ —	$ 1,622
Commercial	600	—	600
Fire service	118	—	118
Industrial	126	—	126
Public and other	208	—	208
Total water services	2,674	—	2,674
Wastewater services:			
Residential	169	—	169
Commercial	46	—	46
Industrial	6	—	6
Public and other	21	—	21
Total wastewater services	242	—	242
Miscellaneous utility charges	26	—	26
Alternative revenue programs	—	12	12
Lease contract revenue	—	6	6
Total Regulated Businesses	2,942	18	2,960
Other	243	(1)	242
Total operating revenues	$ 3,185	$ 17	$ 3,202

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,467	$ 2	$ 1,469
Commercial	534	1	535
Fire service	109	—	109
Industrial	115	1	116
Public and other	195	—	195
Total water services	2,420	4	2,424
Wastewater services:			
Residential	128	1	129
Commercial	33	—	33
Industrial	3	—	3
Public and other	14	—	14
Total wastewater services	178	1	179
Miscellaneous utility charges	27	—	27
Alternative revenue programs	—	10	10
Lease contract revenue	—	6	6
Total Regulated Businesses	2,625	21	2,646
Other	216	(1)	215
Total operating revenues	$ 2,841	$ 20	$ 2,861

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $112 million and $86 million are included in unbilled revenues on the Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022, respectively. Contract liabilities of $65 million and $91 million are included in other current liabilities on the Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022, respectively. Revenues recognized for the nine months ended September 30, 2023 and 2022, from amounts included in contract liabilities were $92 million and $94 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of September 30, 2023, the Company's operation and maintenance ("O&M") and capital improvement contracts in the MSG and the Contract Services Group have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.0 billion as of September 30, 2023, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $554 million as of September 30, 2023, as measured by estimated remaining contract revenue. Some of the Company's long-term contracts to operate and maintain the federal government's, a municipality's or other party's water or wastewater treatment and delivery facilities include responsibility for certain maintenance for some of those facilities, in exchange for an annual fee. Unless specifically required to perform certain maintenance activities, the maintenance costs are recognized when the maintenance is performed.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the nine months ended September 30, 2023, the Company closed on 14 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $36 million, which added approximately 7,900 water and wastewater customers. This includes the Company's New Jersey subsidiary's acquisition of the water and wastewater assets of Egg Harbor City on June 1, 2023, for a cash purchase price of $22 million, $2 million of which was funded as a deposit to the seller in March 2021 in connection with the execution of the acquisition agreement. The Egg Harbor City acquisition was accounted for as a business combination and the assets acquired consisted primarily of $22 million of utility plant.

Pending Acquisitions

On April 6, 2023, the Company's Illinois subsidiary entered into an agreement to acquire the wastewater treatment plant from Granite City for an amended purchase price of $86 million. This plant provides wastewater service for approximately 26,000 customer connections. The Company expects to close this acquisition around year-end 2023, pending regulatory approval.

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition in late 2024 or early 2025, pending final regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the wastewater assets of the Butler Area Sewer Authority for an amended purchase price of $230 million in cash, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 14,700 customer connections. The Company expects to close this acquisition by the end of 2023, pending regulatory approval.

Note 6: Shareholders' Equity

Common Stock Offering

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of American Water Capital Corp. ("AWCC"), the wholly owned finance subsidiary of parent company, and for general corporate purposes.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the nine months ended September 30, 2023 and 2022, respectively:

	Defined Benefit Pension Plans				
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Loss on Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ (23)
Other comprehensive income before reclassifications	—	—	—	—	—
Amounts reclassified from accumulated other comprehensive loss	—	—	1	—	1
Net other comprehensive income	—	—	1	—	1
Balance as of September 30, 2023	$ (93)	$ 1	$ 71	$ (1)	$ (22)
Balance as of December 31, 2021	$ (107)	$ 1	$ 67	$ (6)	$ (45)
Other comprehensive income before reclassifications	—	—	—	4	4
Amounts reclassified from accumulated other comprehensive income	—	—	2	—	2
Net other comprehensive income	—	—	2	4	6
Balance as of September 30, 2022	$ (107)	$ 1	$ 69	$ (2)	$ (39)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in interest, net in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On September 1, 2023, the Company paid a quarterly cash dividend of $0.7075 per share to shareholders of record as of August 8, 2023.

On October 31, 2023, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7075 per share, payable on December 1, 2023, to shareholders of record as of November 14, 2023. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder is being used for general corporate purposes. The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from parent company, which serves as the functional equivalent of a guarantee by parent company of the obligations of AWCC under the Notes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the “Note Indenture”). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC’s exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

In addition to the Notes issued by AWCC as described above, during the nine months ended September 30, 2023, AWCC and the Company’s regulated subsidiaries issued in the aggregate $211 million of private activity bonds and government funded debt in multiple transactions, with annual interest rates ranging from 0.00% to 3.88%, a weighted average interest rate of 3.50%, and maturity dates ranging from 2025 to 2041. During the nine months ended September 30, 2023, $125 million of the $211 million of private activity bonds and government funded debt issued by AWCC and the Company's regulated subsidiaries were collateralized. During the nine months ended September 30, 2023, AWCC and the Company’s regulated subsidiaries made sinking fund payments for, or repaid at maturity, $263 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 6.55%, a weighted average interest rate of 1.64%, and maturity dates ranging from 2023 to 2051.

During 2022 and the first half of 2023, the Company had entered into 11 treasury lock agreements, each with a term of 10 years, with notional amounts totaling $300 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In June 2023, the Company terminated the treasury lock agreements realizing a net gain of $3 million included in Other, net in the accompanying Consolidated Statements of Operations.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2023 or 2022.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets and, if and to the extent necessary, borrowings under the AWCC revolving credit facility, and issuances of equity. The revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. On October 26, 2023, the termination date of the credit agreement with respect to AWCC’s revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2027 to October 2028. The revolving credit facility is used principally to support AWCC’s commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. As of September 30, 2023 and December 31, 2022, there were no borrowings under the revolving credit facility. As of September 30, 2023 and December 31, 2022, there were $75 million and $78 million, respectively, of outstanding letters of credit under the revolving credit facility.

At September 30, 2023, there was no outstanding short-term debt. In the second quarter of 2023, the net proceeds of the Notes were used to repay the short-term commercial paper obligations. See Note 7—Long-Term Debt for additional information relating to the Notes.

At December 31, 2022, short-term debt consisting of commercial paper borrowings totaled $1,177 million, or net of discount $1,175 million. The weighted-average interest rate on AWCC’s outstanding short-term borrowings was approximately 4.41% and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of September 30, 2023	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.68 billion as of September 30, 2023, may be accessed through revolver draws.

	As of December 31, 2022		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,177)	(78)	(1,255)
Remaining availability as of December 31, 2022	$ 1,423	$ 72	$ 1,495

(a) Total remaining availability of $1.50 billion as of December 31, 2022, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of September 30, 2023 and December 31, 2022, respectively:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2023	$ 628	$ 2,675	$ 3,303
Available liquidity as of December 31, 2022	$ 85	$ 1,495	$ 1,580

Note 9: Income Taxes

The Company's effective income tax rate was 20.6% and 19.1% for the three months ended September 30, 2023 and 2022, respectively, and 21.0% and 18.9% for the nine months ended September 30, 2023 and 2022, respectively. The increase in the Company's effective income tax rate for the three and nine months ended September 30, 2023, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders. The amortization of EADIT is generally offset with a reduction in revenue.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a Corporate Alternative Minimum Tax ("CAMT") provision, effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1 billion. An applicable corporation must make several adjustments to net income when determining AFSI. The Company evaluated the potential impacts of the CAMT provision within the IRA and believes it does not exceed the $1 billion AFSI threshold, and therefore, is not currently subject to CAMT in 2023. The Company is continuing to assess the impact of the initial guidance regarding the application of the CAMT and will continue to monitor as additional guidance is released.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Components of net periodic pension benefit cost (credit):				
Service cost	$ 4	$ 8	$ 12	$ 23
Interest cost	22	16	65	48
Expected return on plan assets	(23)	(31)	(69)	(92)
Amortization of prior service credit	(1)	(1)	(3)	(3)
Amortization of actuarial loss	4	5	11	15
Net periodic pension benefit cost (credit)	$ 6	$ (3)	$ 16	$ (9)
Components of net periodic other postretirement benefit credit:				
Service cost	$ 1	$ 1	$ 2	$ 3
Interest cost	4	3	11	8
Expected return on plan assets	(3)	(5)	(9)	(15)
Amortization of prior service credit	(8)	(8)	(24)	(24)
Amortization of actuarial loss	1	—	2	—
Net periodic other postretirement benefit credit	$ (5)	$ (9)	$ (18)	$ (28)

The Company contributed $11 million and $31 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2023, respectively, and contributed $9 million and $27 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2022, respectively. The Company expects to make pension contributions to the plan trusts of $11 million during the remainder of 2023.

There were $3 million of contributions for the funding of the Company's other postretirement benefit plans for the three and nine months ended September 30, 2023, and there were no material contributions and $13 million of contributions for the funding of the Company's other postretirement benefit plans for the three and nine months ended September 30, 2022, respectively.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of September 30, 2023, the Company has accrued approximately $4 million of probable loss contingencies associated with such actions and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies associated with such actions, which can be reasonably estimated, is $3 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such actions, other than as described in this Note 11—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Water Main Break Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. In August 2020, WVAWC filed a Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia seeking to vacate or remand the Circuit Court's order certifying the issues class. In January 2021, the Supreme Court of Appeals remanded the case back to the Circuit Court for further consideration in light of a decision issued in another case relating to the class certification issues raised on appeal. On July 5, 2022, the Circuit Court entered an order again certifying a class to address at trial certain liability issues but not to consider damages. On August 26, 2022, WVAWC filed another Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia challenging the West Virginia Circuit Court's July 5, 2022 order, which petition was denied on June 8, 2023. On August 21, 2023, the Circuit Court set a date of September 9, 2024 for a class trial on issues relating to duty and breach of that duty. The trial will not find class-wide or punitive damages.

The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint. WVAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot reasonably estimate the amount of any reasonably possible loss or a range of loss related to this proceeding.

Chattanooga, Tennessee Water Main Break Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. On January 12, 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. On February 9, 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. On September 21, 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. On October 12, 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. An order denying the original proposed class and addressing the proposed amended class has not been entered by the court and remains pending.

TAWC and the Company believe that TAWC has meritorious defenses to the claims raised in this class action complaint, and TAWC is vigorously defending itself against these allegations. The Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of such losses related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"). The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In September 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In September 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $233 million in aggregate costs as of September 30, 2023 related to the Water Supply Project, which includes $69 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project, which is not expected to produce additional water until 2024 at the earliest. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. This decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings to be scheduled in a Phase 2 to this CPUC proceeding will focus on updated supply and demand estimates for the Water Supply Project.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 final decision and its December 2022 final decision, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. The withdrawal of the Original Jurisdiction Application did not impact Cal Am's appeal of the City's denial of the Marina Application, which remains pending before the Coastal Commission. In November 2020, Cal Am refiled the Original Jurisdiction Application.

On October 5, 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

On November 17, 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. On December 29, 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of the slant wells. Cal Am is named as a real party in interest. This matter remains pending.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2022, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2023 and future years may be impacted by a number of factors, including, without limitation, continued drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Potential Condemnation of Monterey System Assets

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a potential condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. On April 1, 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider.

By letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requesting access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million.

Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. While the Company cannot currently predict the outcome of any such lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems, Cal Am should be able to defend itself successfully against an eminent domain lawsuit by the MPWMD.

On October 25, 2023, the Monterey County Superior Court issued an Intended Statement of Decision to issue a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey water system assets) and to reconsider the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. Once the writ of mandate is issued, the LAFCO denial will be nullified and LAFCO will be required to hold another hearing on the MPWMD's application. Cal Am is evaluating potential actions relative to the writ of mandate, including filing an appeal or other challenge and/or making suitable presentations at a subsequent LAFCO rehearing.

West Virginia Elk River Freedom Industries Chemical Spill

On June 8, 2018, the U.S. District Court for the Southern District of West Virginia granted final approval of a settlement class and global class action settlement (the "Settlement") for all claims and potential claims by all class members (collectively, the "West Virginia Plaintiffs") arising out of the January 2014 Freedom Industries, Inc. chemical spill in West Virginia. The effective date of the Settlement was July 16, 2018. Under the terms and conditions of the Settlement, WVAWC and certain other Company affiliated entities did not admit, and will not admit, any fault or liability for any of the allegations made by the West Virginia Plaintiffs in any of the actions that were resolved.

As of September 30, 2023, $0.5 million of the aggregate Settlement amount of $126 million remains reflected in accrued liabilities, and $0.5 million in an offsetting insurance receivable remains reflected in other current assets on the Consolidated Balance Sheets pending resolution of all asserted actual or potential claims associated with this matter. The amount reflected in accrued liabilities reflects the status of the liability and the offsetting insurance receivable reflected in other current assets, each as of September 30, 2023.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income attributable to common shareholders	$ 323	$ 297	$ 773	$ 673
Denominator:				
Weighted-average common shares outstanding—Basic	195	182	192	182
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	182	192	182

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2023 and 2022, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Seller promissory note from the sale of the Homeowner Services Group ("HOS") — The carrying amount reported on the Consolidated Balance Sheets for the seller promissory note, included as part of the consideration from the sale of HOS, is $720 million as of September 30, 2023 and December 31, 2022. This amount represents the principal amount owed under the seller note, for which the Company expects to receive full payment. The accounting fair value measurement of the seller note approximated $693 million and $686 million as of September 30, 2023 and December 31, 2022, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The seller note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of September 30, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	8,897	1,014	686	10,597

	As of December 31, 2022				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt (excluding finance lease obligations)	11,207	8,599	49	1,427	10,075

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 33	$ —	$ —	$ 33
Rabbi trust investments	22	—	—	22
Deposits	6	—	—	6
Other investments				
Money market and other	36	—	—	36
Fixed-Income Securities	148	6	—	154
Contingent cash payment from the sale of HOS	—	—	72	72
Total assets	245	6	72	323
Liabilities:				
Deferred compensation obligations	26	—	—	26
Total liabilities	26	—	—	26
Total assets	$ 219	$ 6	$ 72	$ 297

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 32	$ —	$ —	$ 32
Rabbi trust investments	21	—	—	21
Deposits	7	—	—	7
Other investments				
Money market and other	61	—	—	61
Fixed-Income Securities	147	6	—	153
Contingent cash payment from the sale of HOS	—	—	72	72
Mark-to-market derivative asset	—	1	—	1
Total assets	268	7	72	347
Liabilities:				
Deferred compensation obligations	24	—	—	24
Total liabilities	24	—	—	24
Total assets	$ 244	$ 7	$ 72	$ 323

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on observable market prices and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $72 million and $67 million in Other current assets, as of September 30, 2023 and December 31, 2022, respectively, and $119 million and $147 million in Other long-term assets, as of September 30, 2023 and December 31, 2022, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities as of September 30, 2023 and December 31, 2022:

	As of September 30, 2023			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 154	$ 6	$ 6	$ 154

	As of December 31, 2022			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 153	$ —	$ —	$ 153

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of September 30, 2023, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 100
1 year - 5 years	42
5 years - 10 years	3
Greater than 10 years	9
Total	$ 154

Contingent cash payment from the sale of HOS—The Company's contingent cash payment derivative included as part of the consideration from the sale of HOS, payable upon satisfaction of certain conditions on or before December 31, 2023, is included in other current assets on the Consolidated Balance Sheets. The accounting fair value measurement of the contingent cash payment approximated $72 million, which is reflective of changes in the benchmark interest rate and estimated using the probability of the outcome of receipt of the $75 million, a Level 3 input.

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 36 years, six years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $144 million and $145 million as of September 30, 2023 and December 31, 2022, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $1 million in 2023, $4 million in 2024 through 2027, and $45 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $2 million and $3 million for the three months ended September 30, 2023 and September 30, 2022, respectively, and $8 million and $9 million for the nine months ended September 30, 2023 and September 30, 2022, respectively.

For the three and nine months ended September 30, 2023, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, were $3 million and $8 million, respectively. For the nine months ended September 30, 2023, there were ROU assets obtained in exchange for new operating lease liabilities of $9 million.

As of September 30, 2023, the weighted-average remaining lease term of the operating leases was 17 years, and the weighted-average discount rate of the operating leases was 4%.

The future maturities of lease liabilities as of September 30, 2023, were $3 million in 2023, $10 million in 2024, $9 million in 2025, $8 million in 2026, $8 million in 2027, and $82 million thereafter. As of September 30, 2023, imputed interest was $40 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the seller promissory note and income from the revenue share agreement from the sale of HOS, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

On December 9, 2021, the Company sold all of the equity interests of the HOS subsidiaries, for a total consideration of approximately $1.275 billion. The consideration was comprised of $480 million in cash, a seller promissory note in the principal amount of $720 million, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023. See Note 13—Fair Value of Financial Information for additional information relating to the seller promissory note and contingent cash payment. The seller promissory note from the sale of HOS, has a five-year term, is payable in cash, and bears interest at a rate of 7.00% per year during the term. The Company recognized $13 million of interest income from the seller note for each of the three months ended September 30, 2023 and 2022, and $38 million of interest income from the seller note for each of the nine months ended September 30, 2023 and 2022.

The Company recognized $3 million and $2 million of income during the three months ended September 30, 2023 and 2022, respectively, and $9 million and $6 million of income during the nine months ended September 30, 2023 and 2022, respectively, from the revenue share agreements from the sale of HOS, which is included in Other, net on the Consolidated Statements of Operations.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended September 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,095	$ 72	$ 1,167
Depreciation and amortization	174	3	177
Total operating expenses, net	614	75	689
Interest expense	(92)	(25)	(117)
Interest income	7	16	23
Provision for income taxes	84	—	84
Net income attributable to common shareholders	331	(8)	323
Total assets	26,987	2,831	29,818
Cash paid for capital expenditures	619	7	626

	As of or for the Three Months Ended September 30, 2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,003	$ 79	$ 1,082
Depreciation and amortization	161	3	164
Total operating expenses, net	574	69	643
Interest expense	(81)	(30)	(111)
Interest income	1	13	14
Provision (benefit) for income taxes	71	(1)	70
Net income (loss) attributable to common shareholders	302	(5)	297
Total assets	24,366	2,760	27,126
Cash paid for capital expenditures	598	4	602

	As of or for the Nine Months Ended September 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 2,960	$ 242	$ 3,202
Depreciation and amortization	515	8	523
Total operating expenses, net	1,770	227	1,997
Interest expense	(269)	(73)	(342)
Interest income	14	38	52
Provision for income taxes	203	2	205
Net income (loss) attributable to common shareholders	783	(10)	773
Total assets	26,987	2,831	29,818
Cash paid for capital expenditures	1,765	14	1,779

	As of or for the Nine Months Ended September 30, 2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 2,646	$ 215	$ 2,861
Depreciation and amortization	473	12	485
Total operating expenses, net	1,658	191	1,849
Interest expense	(227)	(90)	(317)
Interest income	1	38	39
Provision for income taxes	154	3	157
Net income (loss) attributable to common shareholders	681	(8)	673
Total assets	24,366	2,760	27,126
Cash paid for capital expenditures	1,588	9	1,597

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2022. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and nine months ended September 30, 2023, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.66 and $4.03, respectively, an increase of $0.03 and $0.33, respectively, as compared to the same periods in the prior year. These increases were primarily driven by the implementation of new rates in the Regulated Businesses for the recovery of capital and acquisition investments, offset somewhat by increased production costs, including inflationary pressures since mid-2022, and higher pension costs. Approximately 75% of the estimated impact of increased production costs, including chemicals, power and other fuel, and higher pension costs, are reflected in higher revenues in 2023 from rate cases recently completed. Results for the three and nine months ended September 30, 2023, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.11 per share, respectively. Results for the three and nine months ended September 30, 2022, reflect the net favorable impact of weather compared to normal, estimated at $0.06 per share. Results for the three and nine months ended September 30, 2023, also reflect the impact of share dilution from the equity financing of $0.12 and $0.22 per share, respectively, roughly equivalent to avoided interest expense.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, and (ii) regulated acquisitions to expand the Company's services to new customers. The Company plans to invest approximately $2.9 billion in these growth strategies in 2023. During the first nine months of 2023, the Company invested $1.8 billion, primarily in the Regulated Businesses, as discussed below:

Regulated Businesses - Growth and Optimization

- $1.77 billion capital investment in the Regulated Businesses, the substantial majority for infrastructure improvements and replacements; and
- $36 million to fund acquisitions in the Regulated Businesses, which added approximately 7,900 customers, in addition to approximately 14,200 customers added through organic growth. This includes the Company's New Jersey subsidiary's acquisition of the water and wastewater assets of Egg Harbor City on June 1, 2023, for a cash purchase price of $22 million, $2 million of which was funded as a deposit to the seller in March 2021 in connection with the execution of the acquisition agreement.

On April 6, 2023, the Company's Illinois subsidiary entered into an agreement to acquire the wastewater treatment plant from Granite City for an amended purchase price of $86 million. This plant provides wastewater service for approximately 26,000 customer connections. The Company expects to close this acquisition around year-end 2023, pending regulatory approval.

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of the Township of Towamencin, for an aggregate purchase price of $104 million, subject to adjustment as provided in the asset purchase agreement. This system provides wastewater services to approximately 6,300 customer connections in seven townships in Montgomery County, Pennsylvania. The Company expects to close this acquisition in late 2024 or early 2025, pending final regulatory approval.

On October 11, 2022, the Company's Pennsylvania subsidiary entered into an agreement to acquire the wastewater assets of the Butler Area Sewer Authority for an amended purchase price of $230 million in cash, subject to adjustment as provided for in the asset purchase agreement. This system provides wastewater service for approximately 14,700 customer connections. The Company expects to close this acquisition by the end of 2023, pending regulatory approval.

As of September 30, 2023, the Company had entered into 32 agreements with a total aggregate purchase price of $611 million for pending acquisitions in the Regulated Businesses, including the agreements discussed above, to add approximately 88,100 additional customers.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On March 14, 2023, the United States Environmental Protection Agency ("EPA") announced the proposed National Primary Drinking Water Regulations ("NPDWR") for six per- and polyfluoroalkyl substances ("PFAS") including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The proposed regulations would establish legally enforceable levels for PFAS in drinking water. The EPA anticipates issuing a final rule by the end of 2023 and utilities will be provided a three-year window to comply with the new regulations once finalized, although the Safe Drinking Water Act allows utilities to request an additional two years if capital improvements are required.

The Company performed an initial review of the NPDWR to assess the four parts per trillion requirements for PFAS and the application of the Hazard Index approach for PFNA, PFBS, PFHxS, and GenX Chemicals. On May 24, 2023, the Company submitted comments to the EPA outlining its position on key issues to address the proposed regulations, including its projected costs associated with PFAS treatment at the proposed limits and the potential impact to customers' bills. The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities over a three to five-year period in order to comply with the proposed regulations. Additionally, the Company estimates annual operating expenses of approximately $50 million related to testing and treatment in today's dollars. These are preliminary estimates based on the proposed rule. The actual expenses may differ from these preliminary estimates and will be dependent upon multiple factors, including the final rule and effective date, as well as the completion of a system-by-system engineering analysis.

The Company supports sound policies and compliance with the NPDWR by all water utilities, while protecting customers and communities from the costly burden of monitoring for and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is currently participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. The Company is monitoring ongoing litigation and settlement activity with manufacturers of PFAS in these proceedings for potential impacts to the various claims asserted by the Company, including deadlines set in the multi-district litigation of December 4, 2023, and December 11, 2023, for water utilities, including the Company, to opt out of proposed class action settlements with certain of such manufacturers. For more information on the PFAS multi-district litigation, see Part II, Item 1 —Legal Proceedings—PFAS Multi-District Litigation.

Operational Excellence

The Company's adjusted regulated operation and maintenance ("O&M") efficiency ratio was 32.6% for the twelve months ended September 30, 2023, as compared to 33.6% for the twelve months ended September 30, 2022. The ratio reflects an increase in operating revenues for the Regulated Businesses, after considering the adjustment for the amortization of the excess accumulated deferred income taxes ("EADIT") shown in the table below, as well as the continued focus on operating costs.

The Company's adjusted regulated O&M efficiency ratio is a non-GAAP measure and is defined by the Company as its operation and maintenance expenses from the Regulated Businesses, divided by the operating revenues from the Regulated Businesses, where both operation and maintenance expenses and operating revenues were adjusted to eliminate purchased water expense. Operating revenues were further adjusted to exclude reductions for the amortization of the EADIT. Also excluded from operation and maintenance expenses is the allocable portion of non-O&M support services costs, mainly depreciation and general taxes, which is reflected in the Regulated Businesses segment as operation and maintenance expenses, but for consolidated financial reporting purposes, is categorized within other line items in the accompanying Consolidated Statements of Operations. The items discussed above were excluded from the O&M efficiency ratio calculation as they are not reflective of management's ability to increase the efficiency of the Regulated Businesses.

The Company evaluates its operating performance using this ratio, and believes it is useful to investors because it directly measures improvement in the operating performance and efficiency of the Regulated Businesses. This information is derived from the Company's consolidated financial information but is not presented in its financial statements prepared in accordance with GAAP. This information supplements and should be read in conjunction with the Company's GAAP disclosures, and should be considered as an addition to, and not a substitute for, any GAAP measure. The Company's adjusted regulated O&M efficiency ratio (i) is not an accounting measure that is based on GAAP; (ii) is not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this Form 10-Q.

Presented in the table below is the calculation of the Company's adjusted regulated O&M efficiency ratio and a reconciliation that compares operation and maintenance expenses and operating revenues, each as determined in accordance with GAAP, to those amounts utilized in the calculation of its adjusted O&M efficiency ratio:

	For the Twelve Months Ended September 30,	
(Dollars in millions)	**2023**	**2022**
Total operation and maintenance expenses	$ 1,681	$ 1,647
Less:		
Operation and maintenance expenses—Other	284	315
Total operation and maintenance expenses—Regulated Businesses	1,397	1,332
Less:		
Regulated purchased water expenses	156	153
Allocation of non-operation and maintenance expenses	23	32
Adjusted operation and maintenance expenses—Regulated Businesses (i)	$ 1,218	$ 1,147
Total operating revenues	$ 4,133	$ 3,812
Less:		
Operating revenues—Other	315	338
Total operating revenues—Regulated Businesses	3,818	3,474
Less:		
Regulated purchased water revenues (a)	156	153
Revenue reductions from the amortization of EADIT	(75)	(92)
Adjusted operating revenues—Regulated Businesses (ii)	$ 3,737	$ 3,413
Adjusted O&M efficiency ratio—Regulated Businesses (i) / (ii)	32.6 %	33.6 %

(a) The calculation assumes regulated purchased water revenues approximate regulated purchased water expenses.

Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the EADIT that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
General rate cases by state:		
Missouri	May 28, 2023	$ 44
Virginia	April 24, 2023 (a)	11
Pennsylvania	January 28, 2023	138
Illinois	January 1, 2023	67
California, Step Increase	January 1, 2023	13
Total general rate case authorizations		$ 273

(a) Interim rates were effective May 1, 2022, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final Order on April 24, 2023.

On June 29, 2023, the California Public Utilities Commission ("CPUC") issued a decision on the cost of capital application for the Company's California subsidiary, which authorizes a return on equity of 8.98% and a capital structure with an equity component of 57.04% for the three-year period from 2022 to 2024. The CPUC's decision is not retroactive and was effective from the date of the order through the end of 2024. The decision includes a Water Cost of Capital Mechanism (the "WCCM") that would allow the California subsidiary to increase its return on equity for the remainder of 2023 and 2024 based on capital market rates. As authorized by the WCCM, on June 30, 2023, the California subsidiary filed with the CPUC staff an advice letter to seek a 52 basis point increase to the return on equity for 2023, which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, 2023, the California subsidiary filed with the CPUC staff an advice letter to implement a 70 basis point increase to the return on equity, effective January 1, 2024, based on the triggering of the WCCM. After approval, the authorized return on equity will increase to 10.20%.

On May 3, 2023, the Missouri Public Service Commission issued an order approving the March 3, 2023, joint settlement agreement in the general rate case filed on July 1, 2022, by the Company's Missouri subsidiary. The general rate case order approved a $44 million annualized increase in water and wastewater revenues, excluding $51 million in previously approved infrastructure surcharges, and authorized implementation of the new water and wastewater rates effective May 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Missouri subsidiary's 2021 rate case order. The Missouri subsidiary's view of its rate base is $2.3 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 9.75% and 50.0%, respectively.

On April 24, 2023, the Virginia State Corporation Commission issued an order approving the settlement of the rate case filed on September 26, 2022, by the Company's Virginia subsidiary. The general rate case order approved an $11 million annualized increase in water and wastewater revenues. Interim rates in this proceeding were effective on May 1, 2022, and the order required that the difference between interim and the final approved rates were subject to refund within 90 days of the order issuance. The order approves the settlement terms with a return on equity of 9.7% and a common equity ratio of 40.7%. The annualized revenue increase is driven primarily by significant incremental capital investments since the Virginia subsidiary's 2020 rate case order that have been completed or were planned through April 30, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order includes recovery of the Virginia subsidiary's COVID-19 deferral balance. It also includes approval of the accounting deferral of deviations in pension and other postretirement benefits expense from those established in base rates, until the Virginia subsidiary's next base rate case.

On December 8, 2022, the Pennsylvania Public Utility Commission issued an order approving the joint settlement agreement in the rate case filed on April 29, 2022, by the Company's Pennsylvania subsidiary. The general rate case order approved a $138 million annualized increase in water and wastewater revenues, excluding $24 million for previously approved infrastructure filings, and authorizes implementation of the new water and wastewater rates effective January 28, 2023. The annualized revenue increase is driven primarily by significant incremental capital investments since the Pennsylvania subsidiary's 2021 rate case order that will be completed through December 31, 2023, increases in pension and other postretirement benefits expense and increases in production costs, including chemicals, fuel and power costs. The general rate case order also includes recovery of the Pennsylvania subsidiary's COVID-19 deferral balance. The Pennsylvania subsidiary's view of its rate base is $5.1 billion, and its view as to its return on equity and long-term debt ratio (each of which is based on the general rate case order but was not disclosed therein) is 10.0% and 44.8%, respectively.

On December 15, 2022, the Illinois Commerce Commission issued an order approving the adjustment of base rates requested in a rate case filed on February 10, 2022, by the Company's Illinois subsidiary. As updated in the Illinois subsidiary's June 29, 2022 rebuttal filing, the request sought $83 million in additional annualized revenues, excluding previously recovered infrastructure surcharges. The general rate case order approved a $67 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $18 million, effective January 1, 2023, based on an authorized return on equity of 9.78%, authorized rate base of $1.64 billion, a common equity ratio of 49.0% and a debt ratio of 51.0%. The annualized revenue increase is being driven primarily by significant water and wastewater system capital investments since the Illinois subsidiary's 2017 rate case order that have been completed or are planned through December 31, 2023, expected higher pension and other postretirement benefit costs, and increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. Interim rates will be effective May 1, 2024, with the difference between interim and final approved rates subject to refund.

On June 30, 2023, the Company's Kentucky subsidiary filed a general rate case requesting $26 million in additional annualized revenues, excluding infrastructure surcharges of $10 million. An order is expected in the general rate case by the end of the first quarter of 2024.

On May 1, 2023, the Company's West Virginia subsidiary filed a general rate case requesting $45 million in additional annualized revenues, excluding previously approved infrastructure surcharges of $7 million. The general rate case includes a future test year capturing planned investment through 2025 and an order is expected to be issued by February 25, 2024. On June 30, 2023, the West Virginia subsidiary filed its annual infrastructure surcharge requesting $8 million in additional annualized revenues for planned investment through 2024. The infrastructure surcharge will be aligned with the investments recognized in the general rate case if the future test year is approved.

On March 31, 2023, the Company's Indiana subsidiary filed a general rate case requesting $87 million in additional annualized revenues, excluding $41 million of revenue from infrastructure filings already approved, which includes three step increases, with $43 million of the increase to be included in rates in January 2024, $18 million in May 2024, and $26 million in May 2025. Hearings were completed in September and an order is expected in the general rate case by the end of January 2024.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. In October 2023, evidentiary hearings were held, and an order is expected in the general rate case in 2024 with rates retroactive to January 1, 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant water sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2023:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	(a)	$ 32
Kentucky	October 1, 2023	4
Indiana	(b)	26
Missouri	January 16, 2023	14
Pennsylvania	January 1, 2023	3
West Virginia	January 1, 2023	7
Total infrastructure surcharge authorizations		$ 86

(a) In 2023, $15 million was effective October 30, $1 million was effective June 29 and $16 million was effective April 29.

(b) In 2023, $20 million was effective March 23 and $6 million was effective March 8.

Pending Infrastructure Surcharge Filings

On September 1, 2023, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $23 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which will become effective upon receiving an order in the current pending rate case.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the New Jersey Board of Public Utilities ("NJBPU") that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. The Company's New Jersey subsidiary filed its brief in support of the appeal on March 4, 2022. Response and Reply briefs were filed on June 22, 2022, and August 4, 2022, respectively. Oral argument was held on March 22, 2023, and the Company expects a decision by the end of 2023. There is no financial impact to the Company as a result of the NJBPU's order, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
(In millions)				
Operating revenues	$ 1,167	$ 1,082	$ 3,202	$ 2,861
Operating expenses:				
Operation and maintenance	436	416	1,248	1,156
Depreciation and amortization	177	164	523	485
General taxes	76	63	227	208
Other	—	—	(1)	—
Total operating expenses, net	689	643	1,997	1,849
Operating income	478	439	1,205	1,012
Other income (expense):				
Interest expense	(117)	(111)	(342)	(317)
Interest income	23	14	52	39
Non-operating benefit costs, net	9	19	26	58
Other, net	14	6	37	38
Total other (expense)	(71)	(72)	(227)	(182)
Income before income taxes	407	367	978	830
Provision for income taxes	84	70	205	157
Net income attributable to common shareholders	$ 323	$ 297	$ 773	$ 673

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Form 10-Q within "Other." Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the seller promissory note and income from the revenue share agreement from the sale of HOS, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
(In millions)				
Operating revenues	$ 1,095	$ 1,003	$ 2,960	$ 2,646
Operation and maintenance	368	355	1,043	991
Depreciation and amortization	174	161	515	473
General taxes	72	58	213	194
Other	—	—	(1)	—
Other income (expenses)	(66)	(56)	(204)	(153)
Provision for income taxes	84	71	203	154
Net income attributable to common shareholders	$ 331	$ 302	$ 783	$ 681

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
(In millions)				
Water services:				
Residential	$ 607	$ 557	$ 1,622	$ 1,469
Commercial	231	208	600	535
Fire service	40	36	118	109
Industrial	50	42	126	116
Public and other	72	83	220	205
Total water services	1,000	926	2,686	2,434
Wastewater services:				
Residential	58	46	169	129
Commercial	16	12	46	33
Industrial	2	1	6	3
Public and other	8	7	21	14
Total wastewater services	84	66	242	179
Other (a)	11	11	32	33
Total operating revenues	$ 1,095	$ 1,003	$ 2,960	$ 2,646

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
(Gallons in millions)				
Billed water services volumes:				
Residential	49,452	51,841	123,527	124,006
Commercial	23,481	24,102	59,029	58,802
Industrial	10,559	10,326	28,014	28,451
Fire service, public and other	15,760	15,504	41,042	39,708
Total billed water services volumes	99,252	101,773	251,612	250,967

For the three months ended September 30, 2023, operating revenues increased $92 million, primarily due to a $99 million increase from authorized rate increases, including infrastructure surcharges, principally to fund infrastructure investment in various states. In addition, operating revenues were $6 million higher from water and wastewater acquisitions and organic growth in existing systems. The increases were partially offset by (i) a $6 million estimated net decrease due to warmer and drier than normal weather in the third quarter of 2022, particularly in the Company's New Jersey service territory, and (ii) a $12 million decrease due to changes in customer demand.

For the nine months ended September 30, 2023, operating revenues increased $314 million, primarily due to: (i) a $276 million increase from authorized rate increases, including infrastructure surcharges, principally to fund infrastructure investment in various states; (ii) a $27 million increase from water and wastewater acquisitions and organic growth in existing systems; and (iii) a $12 million estimated net increase primarily due to drier than normal weather in the second quarter of 2023.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
(In millions)				
Employee-related costs	$ 127	$ 126	$ 386	$ 378
Production costs	125	114	324	291
Operating supplies and services	59	62	173	174
Maintenance materials and supplies	22	22	65	64
Customer billing and accounting	19	17	48	44
Other	16	14	47	40
Total operation and maintenance expense	$ 368	$ 355	$ 1,043	$ 991

For the three months ended September 30, 2023, operation and maintenance expense increased $13 million, primarily due to inflationary impacts from increased chemicals cost.

For the nine months ended September 30, 2023, operation and maintenance expense increased $52 million, primarily due to inflationary impacts from increased fuel, power and chemicals costs.

Depreciation and Amortization

For the three and nine months ended September 30, 2023, depreciation and amortization increased $13 million and $42 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and acquisitions.

General Taxes

For the three and nine months ended September 30, 2023, general taxes increased $14 million and $19 million, respectively, primarily due to an increase in the New Jersey Gross Receipts Tax and incremental property taxes.

Other Income (Expenses)

For the three and nine months ended September 30, 2023, other (expenses) increased $10 million and $51 million, respectively, due to higher interest expense from the issuance of incremental long-term debt. The increases were also due to higher net periodic pension and other postretirement benefit costs in the current periods. These increases were partially offset by an increase in allowance for funds used during construction in the current periods.

Provision for Income Taxes

For the three and nine months ended September 30, 2023, the Regulated Businesses' provision for income taxes increased $13 million and $49 million, respectively. The Regulated Businesses' effective income tax rate was 20.2% and 19.0% for the three months ended September 30, 2023 and 2022, respectively, and 20.6% and 18.4% for the nine months ended September 30, 2023 and 2022, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders. The amortization of EADIT is generally offset with a reduction in revenue.

Other

Presented in the table below is information for Other:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
(In millions)				
Operating revenues	$ 72	$ 79	$ 242	$ 215
Operation and maintenance	68	61	205	165
Depreciation and amortization	3	3	8	12
Interest expense	(25)	(30)	(73)	(90)
Interest income	16	13	38	38
Provision (benefit) for income taxes	—	(1)	2	3
Net income (loss) attributable to common shareholders	(8)	(5)	(10)	(8)

Operating Revenues

For the three months ended September 30, 2023, operating revenues decreased $7 million, due to timing of capital projects in MSG and the Contract Services Group businesses.

For the nine months ended September 30, 2023, operating revenues increased $27 million, from an increase in capital projects in MSG, primarily at the United States Military Academy at West Point, New York and revenue for Naval Station Mayport. The Naval Station Mayport contract was awarded on June 30, 2022, with the performance start date for operation on March 1, 2023.

Operation and Maintenance

For the three months ended September 30, 2023, operation and maintenance expense increased $7 million, primarily due to employee related costs.

For the nine months ended September 30, 2023, operation and maintenance expense increased $40 million, primarily due to costs associated with the increased capital projects in MSG and employee related costs.

Legislative Updates

During 2023, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of November 1, 2023:

- California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and was effective on January 1, 2023.
- Indiana passed House Bill 1417, which allows for deferred accounting and subsequent recovery through rates of regulatory assets, with or without Indiana Utility Regulatory Commission (the "IURC") approval. There are several requirements: (i) the costs must be deferred as a regulatory asset, (ii) only incremental costs may be deferred, and (iii) the IURC must find the costs to be reasonable and prudent. Legislation was signed by the Governor and became effective on April 20, 2023.
- Indiana passed Senate Bill 180, which allows for consolidated revenue to support post-acquisition capital improvements in wastewater systems via a service enhancement improvement recovery mechanism. Legislation was signed by the Governor and became effective on May 1, 2023.
- Illinois passed House Bill 1105, which provides that property belonging to a public utility that provides water or sewer service may not be taken or damaged by eminent domain without prior approval from the Illinois Commerce Commission. Legislation was signed by the Governor and became effective on June 9, 2023.
- Illinois passed Senate Bill 250 (Public Act 103-0006), which contains supplemental appropriations for the previous fiscal year 2023 and appropriations for fiscal year 2024. This bill contains a $5 million appropriation to the Department of Commerce and Economic Opportunity for purposes of grants pursuant to the Water and Sewer Financial Assistance Act (Public Act 102-262), which was an initiative of the Company's Illinois subsidiary during the 102nd General Assembly. Legislation was signed by the Governor on June 7, 2023, and the appropriation became effective July 1, 2023.

- California passed Senate Bill 122, which authorizes $300 million in additional funding for the California Water and Wastewater Arrearage Payment Program, and extends the eligibility date from March 2020 to June 2021, to March 2020 to December 2022. Legislation was signed and became effective on July 10, 2023.

During 2023, the State of California enacted the following legislation that was signed into law on October 7, 2023:

- California passed Senate Bill 253, which requires any public or private company that does business in California and has over $1 billion in annual revenue to publicly disclose, beginning in 2026, scope 1, 2, and 3 greenhouse gas emissions released from their operations and supply chain.
- California passed Senate Bill 261, which requires companies doing business in California with greater than $500 million in annual revenues to prepare, beginning in 2026, biennial reports disclosing climate-related financial risk.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, Cal Am's Monterey system assets are the subject of a potential condemnation action by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. On April 1, 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider.

By letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requesting access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million.

Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. While the Company cannot currently predict the outcome of any such lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems, Cal Am should be able to defend itself successfully against an eminent domain lawsuit by the MPWMD. For more information on legal proceedings associated with this matter, see Item 3—Legal Proceedings in the Form 10-K and Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets—Local Area Formation Commission Litigation in this Form 10-Q.

On October 25, 2023, the Monterey County Superior Court issued an Intended Statement of Decision to issue a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey water system assets) and to reconsider the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. Once the writ of mandate is issued, the LAFCO denial will be nullified and LAFCO will be required to hold another hearing on the MPWMD's application. Cal Am is evaluating potential actions relative to the writ of mandate, including filing an appeal or other challenge and/or making suitable presentations at a subsequent LAFCO rehearing.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a Corporate Alternative Minimum Tax ("CAMT") provision, effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1 billion. An applicable corporation must make several adjustments to net income when determining AFSI. The Company evaluated the potential impacts of the CAMT provision within the IRA and believes it does not exceed the $1 billion AFSI threshold, and therefore, is not currently subject to CAMT in 2023. The Company is continuing to assess the impact of the initial guidance regarding the application of the CAMT and will continue to monitor as additional guidance is released.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets, future issuances of equity, and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of a seller promissory note, plus interest, and a contingent cash payment payable upon satisfaction of certain conditions on or before December 31, 2023. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of AWCC, the wholly owned finance subsidiary of parent company, and for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder is being used for general corporate purposes. See Note 7—Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. On October 26, 2023, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2027 to October 2028. Subject to satisfying certain conditions, the credit agreement also permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million and to request extensions of its expiration date for up to two one-year periods, as to which one such extension request remains. As of September 30, 2023 and December 31, 2022, there were no borrowings under the revolving credit facility. As of September 30, 2023 and December 31, 2022, there were $75 million and $78 million, respectively, of outstanding letters of credit under the revolving credit facility. At September 30, 2023, there was no outstanding short-term debt. In the second quarter of 2023, the net proceeds of the Notes were used to repay the short-term commercial paper obligations. At December 31, 2022, the weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.41%.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility as of September 30, 2023 and December 31, 2022, as well as the available capacity for each:

	As of September 30, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	—	(75)	(75)
Remaining availability as of September 30, 2023	$ 2,600	$ 75	$ 2,675

(a) Total remaining availability of $2.68 billion as of September 30, 2023, may be accessed through revolver draws.

	As of December 31, 2022		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,177)	(78)	(1,255)
Remaining availability as of December 31, 2022	$ 1,423	$ 72	$ 1,495

(a) Total remaining availability of $1.50 billion as of December 31, 2022, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of September 30, 2023 and December 31, 2022, respectively:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2023	$ 628	$ 2,675	$ 3,303
Available liquidity as of December 31, 2022	$ 85	$ 1,495	$ 1,580

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

During 2022 and the first half of 2023, the Company had entered into 11 treasury lock agreements, each with a term of 10 years, with notional amounts totaling $300 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In June 2023, the Company terminated the treasury lock agreements realizing a net gain of $3 million included in Other, net in the accompanying Consolidated Statements of Operations.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2023 or 2022.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Nine Months Ended September 30,	
	2023	2022
(In millions)		
Net income	$ 773	$ 673
Add (less):		
Depreciation and amortization	523	485
Deferred income taxes and amortization of investment tax credits	129	13
Other non-cash activities (a)	(13)	(51)
Changes in working capital (b)	(31)	(316)
Pension and non-pension postretirement benefit contributions	(34)	(40)
Net cash provided by operating activities	$ 1,347	$ 764

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in working capital include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other current assets and liabilities, net.

For the nine months ended September 30, 2023, cash provided by operating activities increased $583 million, primarily due to changes in deferred taxes and working capital. The change in deferred taxes was driven by the settlement of the deferred tax liability related to the Company's New York regulated operations that was sold in the first quarter of 2022. The changes in working capital were driven by $280 million of estimated tax payments for taxable gains on the sales of the Company's Homeowner Services Group and its New York regulated operations in the first half of 2022.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Nine Months Ended September 30,	
	2023	2022
(In millions)		
Net capital expenditures	$ (1,779)	$ (1,597)
Acquisitions, net of cash acquired	(36)	(288)
Net proceeds from sale of assets	—	608
Other investing activities, net (a)	(113)	(85)
Net cash used in investing activities	$ (1,928)	$ (1,362)

(a) Includes removal costs from property, plant and equipment retirements.

For the nine months ended September 30, 2023, cash used in investing activities increased $566 million, primarily due to proceeds received from the sale of the Company's New York operations in the first quarter of 2022.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

	For the Nine Months Ended September 30,	
	2023	2022
(In millions)		
Proceeds from long-term debt	$ 1,246	$ 822
Repayments of long-term debt	(263)	(14)
Net proceeds from common stock financing	1,688	—
Net short-term repayments with maturities less than three months	(1,175)	50
Debt issuance costs and make-whole premium on early debt redemption	(15)	(7)
Dividends paid	(395)	(348)
Other financing activities, net (a)	39	63
Net cash provided by financing activities	$ 1,125	$ 566

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the nine months ended September 30, 2023, cash provided by financing activities increased $559 million, primarily due to the common stock financing and issuance of long-term debt. This was partially offset by repayment in full of the short-term commercial paper obligations during the first half of 2023.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On September 30, 2023, the Company's ratio was 0.55 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of November 1, 2023, as issued by Moody's Investors Service on December 19, 2022, and S&P Global Ratings on February 6, 2023:

Securities	Moody's Investors Service	Standard & Poor's Ratings Service
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. None of the Company's borrowings are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, energy, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2023.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2023, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

Desalination Plant Development Permit

On September 8, 2023, the court of appeal issued its opinion reversing the trial court's determination in favor of MCWD as to the statement of overriding considerations and rejecting MCWD's appeals on all of its claims that the Monterey County Superior Court had denied. On September 25, 2023, MCWD filed a petition for rehearing in the court of appeal, which was denied on October 4, 2023.

Proposed Acquisition of Monterey System Assets — Local Area Formation Commission Litigation

Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. If such a lawsuit is filed, Cal Am would seek dismissal or take other action to assert what it believes would be meritorious defenses against the MPWMD's claims. While the Company cannot currently predict the outcome of any such lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems, Cal Am should be able to defend itself successfully against an eminent domain lawsuit by the MPWMD.

On October 25, 2023, the Monterey County Superior Court issued an Intended Statement of Decision to issue a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey water system assets) and to reconsider the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. Once the writ of mandate is issued, the LAFCO denial will be nullified and LAFCO will be required to hold another hearing on the MPWMD's application. Cal Am is evaluating potential actions relative to the writ of mandate, including filing an appeal or other challenge and/or making suitable presentations at a subsequent LAFCO rehearing.

Dunbar, West Virginia Water Main Break Class Action Litigation

On August 21, 2023, the Circuit Court set a trial date of September 9, 2024, to determine certain liability issues but not to consider class-wide or punitive damages. The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint, and WVAWC will continue to vigorously defend itself against these allegations.

Chattanooga, Tennessee Class Action Litigation

On September 21, 2023, the Circuit Court held a hearing on the Tennessee Plaintiffs' motion for reconsideration of the court's January 12, 2023, oral ruling denying their motion for class certification. The court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. On October 12, 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. An order denying the original proposed class and addressing the proposed amended class has not been entered by the court and remains pending.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. In August 2023, a potential class action settlement involving defendants The Chemours Company, Corteva, Inc. and DuPont de Nemours, Inc. to resolve claims brought in the MDL against them by public water systems, and a similar class action settlement with defendant 3M Company, received preliminary approval from the MDL court. The Company is monitoring ongoing litigation and settlement activity with manufacturers of PFAS in this proceeding for potential impacts to the various claims asserted by the Company, including deadlines set in the MDL of December 4, 2023 and December 11, 2023 for water utilities, including the Company, to opt out of the settlements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended September 30, 2023. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through September 30, 2023, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
*10.1	Extension Agreement, dated as of October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent.
*31.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of John C. Griffith, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 1st day of November, 2023.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

EXTENSION AGREEMENT

This **EXTENSION AGREEMENT** (this "Agreement"), dated as of October 26, 2023, is entered into among **AMERICAN WATER CAPITAL CORP.**, a Delaware corporation ("AWCC" or the "Borrower"), the Lenders party hereto, and Wells Fargo Bank, National Association, as administrative agent for the Lenders (the "Administrative Agent").

RECITALS

AWCC, the Lenders and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement, dated as of October 26, 2022, as amended (the "Credit Agreement"). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Credit Agreement.

AWCC has requested its first one-year extension of the Termination Date pursuant to Section 2.06(b) of the Credit Agreement and each Lender executing this Agreement as an "Extending Lender" (each, an "Extending Lender") has approved such request pursuant to Section 2.06(b) of the Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Extension. Pursuant to Section 2.06(b) of the Credit Agreement, the Borrower requested an extension of the Termination Date for a period of one year from October 26, 2027 to October 26, 2028 (the "Extension"). As of the date hereof, the Extending Lenders constituting the Required Lenders have agreed to extend (such agreement evidenced by their execution of this Agreement) the Termination Date as to the Extending Lenders for a period of one year from October 26, 2027 to October 26, 2028. Subject to the satisfaction of the conditions in Section 3 hereof, the Termination Date as to the Extending Lenders is hereby extended to October 26, 2028. The Termination Date as to each Non-Extending Lender remains unchanged, subject to the right of the Borrower pursuant to Section 2.06(e) of the Credit Agreement to require any Non-Extending Lender to assign to one or more Eligible Assignees all of its rights and obligations under the Credit Agreement.

2. Limited Waiver. Subject to the satisfaction of the conditions set forth in Section 3 hereof, the Required Lenders hereby waive the various notice requirements contained in Section 2.06(b) of the Credit Agreement.

3. Conditions to Effectiveness. The Extension set forth in Section 1 and the limited waiver set forth in Section 2 shall become effective as of the date (the "Effective Date") on which each of the following conditions precedent shall have been satisfied:

a. The Administrative Agent shall have received counterparts of this Agreement duly executed by AWCC, the Parent (solely for purposes of acknowledging Section 4), the Administrative Agent and Extending Lenders constituting the Required Lenders.

b. AWCC shall have paid the fees and reasonable expenses required to be paid on or prior to the Effective Date under that certain fee letter, dated as of October 26, 2023, among AWCC, Wells Fargo Securities, LLC, and Wells Fargo Bank, National Association, including but not limited to an extension fee equal to 0.06% of each Extending Lender's Commitment as of the Effective Date, and all other fees and reasonable expenses of the

Administrative Agent and the Lenders required under the Credit Agreement and any other Loan Document to be paid on or prior to the Effective Date (including reasonable fees and expenses of counsel) in connection with this Agreement.

c. The Administrative Agent shall have received a certificate of a Responsible Officer of AWCC, dated as of the Effective Date, confirming satisfaction of the conditions set forth in Sections 3.02(b) and 3.02(c) of the Credit Agreement (with all references in such Sections to a Borrowing or Swingline Borrowing being deemed to be references to the Extension).

d. The Administrative Agent shall have received copies (certified to be true and complete by a Responsible Officer of the Borrower) of all governmental approvals (if any) required for each of the Borrower and the Parent in connection with the Extension.

4. Reaffirmation. The Parent hereby confirms and agrees that after giving effect to this Agreement and the Extension, the Obligations owing by the Borrower under the Credit Agreement constitute "Debt" under the Support Agreement. The Parent acknowledges that the Administrative Agent and the Extending Lenders would not enter into this Agreement in the absence of the acknowledgment and confirmation contained herein.

5. Full Force and Effect. Except as expressly modified hereby, the Credit Agreement and the Loan Documents shall continue in full force and effect in accordance with the provisions thereof on the date hereof. As used in the Credit Agreement, "hereinafter," "hereto," "hereof," and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement after giving effect to this Agreement. Any reference to the Credit Agreement or any of the other Loan Documents herein or in any such documents shall refer to the Credit Agreement and Loan Documents as modified hereby. This Agreement is limited as specified and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Credit Agreement or any Loan Document except as expressly set forth herein. This Agreement shall constitute a Loan Document under the terms of the Credit Agreement.

6. Severability of Provisions. Any provision in this Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction.

7. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

8. Expenses. The Borrower agrees on demand (i) to pay all reasonable fees and expenses of counsel to the Administrative Agent, and (ii) to reimburse the Administrative Agent for all reasonable out-of-pocket costs and expenses, in each case, in connection with the preparation, negotiation, execution and delivery of this Agreement.

9. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. Construction. The headings of the various sections and subsections of this Agreement have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

11. Counterparts; Electronic Delivery. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument. Delivery by any party to this Agreement of its signatures hereon through facsimile or other electronic image file (including .pdf) may be relied upon as if this Agreement were physically delivered with an original hand-written signature of such party and shall be binding on such party for all purposes.

[*remainder of page intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

AMERICAN WATER CAPITAL CORP.

By: /s/ David Bowler
Name: David Bowler
Title: Vice President and Treasurer

Acknowledged and agreed solely as to Section 4 of this Agreement:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ David Bowler
Name: David Bowler
Title: Senior Vice President, Deputy Chief Financial Officer and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, an LC Issuing Bank, a Swingline Bank and an Extending Lender

By: /s/ Whitney Shellenberg
Name: Whitney Shellenberg
Title: Vice President

JPMORGAN CHASE BANK, N.A., as an LC Issuing Bank and an Extending Lender

By: /s/ Joseph Oswin
Name: Joseph Oswin
Title: Executive Director

BANK OF AMERICA, N.A., as an Extending Lender

By: /s/ Dilcia Pena Hill
Name: Dilcia P. Hill
Title: Senior Vice President

MIZUHO BANK, LTD, as an Extending Lender

By: /s/ Edward Sacks
Name: Edward Sacks
Title: Authorized Signatory

PNC BANK, NATIONAL ASSOCIATION, as an Extending Lender

By: /s/ Meredith L. Jermann
Name: Meridith L. Jermann
Title: Vice President

ROYAL BANK OF CANADA, as an Extending Lender

By: /s/ Martina Wellik
Name: Martina Wellik
Title: Authorized Signatory

U.S. Bank National Association, as an Extending Lender

By: /s/ James O'Shaughnessy
Name: James O'Shaughnessy
Title: Senior Vice President

TD BANK, N.A., as an Extending Lender

By: /s/ Steve Levi
Name: Steve Levi
Title: Senior Vice President

TRUIST BANK, as an Extending Lender

By: /s/ Justin Lien
Name: Justin Lien
Title: Director

REGIONS BANK, as an Extending Lender

By: /s/ Daniel Capps
Name: Daniel Capps
Title: Director

THE BANK OF NOVA SCOTIA, as an Extending Lender

By: /s/ David Dewar
Name: David Dewar
Title: Director

THE HUNTINGTON NATIONAL BANK, as an Extending Lender

By: /s/ Christopher Olsen
Name: Christopher Olsen
Title: Vice President

THE BANK OF NEW YORK MELLON, as an Extending Lender

By: /s/ Molly H. Ross
Name: Molly H. Ross
Title: Senior Vice President

THE NORTHERN TRUST COMPANY, as an Extending Lender

By: /s/ Andrew D. Holtz
Name: Andrew D. Holtz
Title: Senior Vice President

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023

By: /s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
President and Chief Executive Officer
(Principal Executive Officer)
November 1, 2023

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
November 1, 2023

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of October 21, 2024
Common Stock, par value $0.01 per share	**194,893,889**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com*, an Investor Relations website at *https://ir.amwater.com*, a Sustainability website at *https://ir.amwater.com/sustainability* and a Diversity and Inclusion website at *https://diversityataw.com*. Information contained on the Company's websites, including its Sustainability Report, its Inclusion, Diversity and Equity Report, and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations and proceedings and related potential fines, penalties and other sanctions; the Company's plans and efforts to protect and remediate its computer networks and systems following the Company's October 3, 2024 cybersecurity incident, and the impacts of such incident on the Company and/or its financial condition and results of operations; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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 herein as a result of the following important factors:

- 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 ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto, including with respect to the Company's reported October 3, 2024 cybersecurity incident;
- 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 required regulatory 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 ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
  - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
  - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;

- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 33,940	$ 32,189
Accumulated depreciation	(6,933)	(6,751)
Property, plant and equipment, net	27,007	25,438
Current assets:		
Cash and cash equivalents	127	330
Restricted funds	40	34
Accounts receivable, net of allowance for uncollectible accounts of $50 and $51, respectively	453	339
Income tax receivable	7	86
Unbilled revenues	310	302
Materials and supplies	105	112
Other	195	186
Total current assets	1,237	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,119	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,143	1,143
Other	400	416
Total regulatory and other long-term assets	3,546	3,471
Total assets	$ 31,790	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,345,035 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,588	8,550
Retained earnings	2,172	1,659
Accumulated other comprehensive loss	(8)	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,362	9,797
Long-term debt	12,550	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,553	11,718
Total capitalization	22,915	21,515
Current liabilities:		
Short-term debt	215	179
Current portion of long-term debt	585	475
Accounts payable	259	294
Accrued liabilities	585	791
Accrued taxes	174	67
Accrued interest	129	93
Other	185	252
Total current liabilities	2,132	2,151
Regulatory and other long-term liabilities:		
Advances for construction	379	352
Deferred income taxes and investment tax credits	2,833	2,717
Regulatory liabilities	1,403	1,481
Operating lease liabilities	77	73
Accrued pension expense	243	262
Other	239	196
Total regulatory and other long-term liabilities	5,174	5,081
Contributions in aid of construction	1,569	1,551
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 31,790	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,323	$ 1,167	$ 3,483	$ 3,202
Operating expenses:				
Operation and maintenance	496	436	1,339	1,248
Depreciation and amortization	200	177	581	523
General taxes	84	76	246	227
Other	—	—	(1)	(1)
Total operating expenses, net	780	689	2,165	1,997
Operating income	543	478	1,318	1,205
Other (expense) income:				
Interest expense	(132)	(117)	(387)	(342)
Interest income	22	23	71	52
Non-operating benefit costs, net	7	9	23	26
Other, net	13	14	31	37
Total other (expense) income	(90)	(71)	(262)	(227)
Income before income taxes	453	407	1,056	978
Provision for income taxes	103	84	244	205
Net income attributable to common shareholders	$ 350	$ 323	$ 812	$ 773
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.80	$ 1.66	$ 4.17	$ 4.03
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.80	$ 1.66	$ 4.17	$ 4.03
Weighted-average common shares outstanding:				
Basic	195	195	195	192
Diluted	195	195	195	192

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income attributable to common shareholders	$ 350	$ 323	$ 812	$ 773
Other comprehensive income, net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended September 30, 2024 and 2023, and $0 for the nine months ended September 30, 2024 and 2023	—	1	1	1
Unrealized gain (loss) on cash flow hedges, net of tax of $0 and $0 for the three months ended September 30, 2024 and 2023, respectively, and $3 and $0 for the nine months ended September 30, 2024 and 2023, respectively	(2)	—	17	—
Unrealized gain (loss) on available-for-sale fixed-income securities, net of tax of $0 and $0 for the three months ended September 30, 2024 and 2023, respectively, and $0 and $0 for the nine months ended September 30, 2024 and 2023, respectively	1	(1)	—	—
Net other comprehensive income (loss)	(1)	—	18	1
Comprehensive income attributable to common shareholders	$ 349	$ 323	$ 830	$ 774

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 812	$ 773
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	581	523
Deferred income taxes and amortization of investment tax credits	84	129
Provision for losses on accounts receivable	19	17
Pension and non-pension postretirement benefits	(2)	(2)
Other non-cash, net	11	(28)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(133)	(109)
Income tax receivable	79	60
Pension contributions	(33)	(34)
Accounts payable and accrued liabilities	11	18
Accrued taxes	113	37
Other assets and liabilities, net	(136)	(37)
Net cash provided by operating activities	1,406	1,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,962)	(1,779)
Acquisitions, net of cash acquired	(119)	(36)
Removal costs from property, plant and equipment retirements, net	(112)	(113)
Purchases of available-for-sale fixed-income securities	(113)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	147	—
Net cash used in investing activities	(2,159)	(1,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	1,416	1,246
Repayments of long-term debt	(474)	(263)
Net proceeds from common stock financing	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	35	(1,175)
Advances and contributions in aid of construction, net of refunds of $24 and $21 for the nine months ended September 30, 2024 and 2023, respectively	33	40
Debt issuance costs	(13)	(15)
Dividends paid	(436)	(395)
Other, net	5	(1)
Net cash provided by financing activities	566	1,125
Net (decrease) increase in cash, cash equivalents and restricted funds	(187)	544
Cash, cash equivalents and restricted funds at beginning of period	364	117
Cash, cash equivalents and restricted funds at end of period	$ 177	$ 661
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 317	$ 348

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	$ 2	$ 8,578	$ 1,971	$ (7)	(5.5)	$ (392)	$ 10,152
Net income attributable to common shareholders	—	—	—	350	—	—	—	350
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive loss	—	—	—	—	(1)	—	—	(1)
Dividends ($0.7650 declared per common share)	—	—	—	(149)	—	—	—	(149)
Balance as of September 30, 2024	200.3	$ 2	$ 8,588	$ 2,172	$ (8)	(5.5)	$ (392)	$ 10,362

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	170	—	—	—	170
Common stock issuances (a)	12.7	—	1,695	—	—	—	(11)	1,684
Balance as of March 31, 2023	200.1	$ 2	$ 8,519	$ 1,437	$ (23)	(5.4)	$ (388)	$ 9,547
Net income attributable to common shareholders	—	—	—	280	—	—	—	280
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7075 declared per common share)	—	—	—	(137)	—	—	—	(137)
Balance as of June 30, 2023	200.1	$ 2	$ 8,529	$ 1,580	$ (22)	(5.4)	$ (388)	$ 9,701
Net income attributable to common shareholders	—	—	—	323	—	—	—	323
Common stock issuances (a)	—	—	12	—	—	—	—	12
Dividends ($0.7075 declared per common share)	—	—	—	(139)	—	—	—	(139)
Balance as of September 30, 2023	200.1	$ 2	$ 8,541	$ 1,764	$ (22)	(5.4)	$ (388)	$ 9,897

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of September 30, 2024, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of September 30, 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Segment Reporting	The guidance in this standard expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit and loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements.	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024	Retrospective	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	January 1, 2025	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarters of 2024 and 2023, the NJEDA issued the utilization certificates for the 2021 and 2020 tax credits, respectively, to the Company in the amount of $16 million each. The Company sold these tax credits to an external party for $15 million each. As of September 30, 2024, the Company had assets of $15 million in other current assets and $90 million in other long-term assets on the Consolidated Balance Sheets for the 2022 through 2028 tax credits. As of December 31, 2023, the Company had assets of $32 million in other current assets and $90 million in other long-term assets on the Consolidated Balance Sheets for the 2021 through 2028 tax credits. The Company has made the necessary annual filing for the years ended December 31, 2023 and 2022. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2022 tax credits in 2024 and the 2023 tax credits in 2025.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended September 30:

	2024	2023
Cash and cash equivalents	$ 127	$ 628
Restricted funds	40	33
Restricted funds included in other long-term assets	10	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 177	$ 661

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the nine months ended September 30:

	2024	2023
Balance as of January 1	$ (51)	$ (60)
Amounts charged to expense	(19)	(17)
Amounts written off	22	20
Other, net (a)	(2)	4
Balance as of September 30	$ (50)	$ (53)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2024:

	Effective Date	Amount
General rate cases by state:		
New Jersey	September 15, 2024	$ 80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(a)	48
Kentucky	May 3, 2024 (b)	11
West Virginia	February 25, 2024	18
Total general rate case authorizations		$ 256

(a) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

(b) The Kentucky Public Service Commission issued its final order on May 3, 2024. On May 16, 2024, the Kentucky subsidiary filed a petition for rehearing.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions that were or remain pending, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. The petition for rehearing also requested that any revisions become effective February 6, 2024, with any difference between the adjusted amount and initial approved rates subject to refund or collection. On May 28, 2024, the KPSC granted the request for rehearing, and the Kentucky subsidiary expects resolution of this proceeding later in 2024.

On February 23, 2024, the West Virginia Public Service Commission issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.10% and a long-term debt ratio of 49.90%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On May 1, 2024, the Company's Tennessee subsidiary filed a general rate case requesting approximately $14 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 54.52% and debt component of 45.48%. The requested annualized revenue increase is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 25, 2024, the Company's Illinois subsidiary filed tariffs for new water and wastewater rates. The request seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $132 million, excluding infrastructure surcharges of $5 million, effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on a future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The requested increases are driven primarily by an estimated $557 million in capital investments to be made by the Illinois subsidiary from January 2024 through December 2025. The request also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery. The requested increase was subsequently updated in the Illinois subsidiary's June 20, 2024, rebuttal filing, with the first step request adjusted to $140 million in additional annualized revenues. On October 24, 2024, a proposed order was issued by the administrative law judge in the proceeding, recommending a 9.84% return on equity and a capital structure with an equity component of 49.00% and a debt component of 51.00%. In addition, the proposed order recommended against the Illinois subsidiary's second-step increase. The recommendations in the proposed order may be accepted, modified or rejected by the Illinois Commerce Commission. A final order in the case is expected no later than December 17, 2024, with new rates implemented January 1, 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the California Public Utilities Commission ("CPUC") granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. On November 17, 2023, the California subsidiary filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by the California subsidiary to be $20 million in the 2024 test year, $16 million in the 2025 escalation year, and $15 million in the 2026 attrition year. The partial settlement agreement addresses the California subsidiary's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate the California subsidiary's revenue and water sales. On August 27, 2024, a proposed decision was issued in the proceeding which, among other provisions, recommended adoption by the CPUC of the partial settlement agreement and recommended denial of the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism and its currently effective Annual Consumption Adjustment Mechanism. On September 16, 2024, and September 23, 2024, the California subsidiary submitted comments in the proceeding continuing to support its position and recommending the CPUC revise the proposed decision to approve the Water Resource Sustainability Plan decoupling mechanism and maintain the Annual Consumption Adjustment Mechanism. The CPUC will consider the proposed decision and all responsive comments and will issue a final decision in the proceeding, which is currently scheduled for December 5, 2024, with new rates implemented retroactively to January 1, 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the West Virginia Public Service Commission directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Pending Infrastructure Surcharge Filings

On September 3, 2024, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $17 million in additional annualized revenues.

On August 30, 2024, the Company's Kentucky subsidiary filed an infrastructure surcharge proceeding requesting $2 million in additional annualized revenues.

On June 28, 2024, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $4 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which, if adopted, will become effective upon receiving an order in the current pending rate case, as discussed above.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 677	$ 2	$ 679
Commercial	253	2	255
Fire service	41	—	41
Industrial	49	1	50
Public and other	93	—	93
Total water services	1,113	5	1,118
Wastewater services:			
Residential	61	1	62
Commercial	20	—	20
Industrial	4	—	4
Public and other	11	—	11
Total wastewater services	96	1	97
Miscellaneous utility charges	14	—	14
Alternative revenue programs	—	(12)	(12)
Lease contract revenue	—	2	2
Total Regulated Businesses	1,223	(4)	1,219
Other	105	(1)	104
Total operating revenues	$ 1,328	$ (5)	$ 1,323

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* (“ASC 606”), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 607	$ —	$ 607
Commercial	231	—	231
Fire service	40	—	40
Industrial	50	—	50
Public and other	77	—	77
Total water services	1,005	—	1,005
Wastewater services:			
Residential	58	—	58
Commercial	16	—	16
Industrial	2	—	2
Public and other	8	—	8
Total wastewater services	84	—	84
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	(5)	(5)
Lease contract revenue	—	2	2
Total Regulated Businesses	1,098	(3)	1,095
Other	72	—	72
Total operating revenues	$ 1,170	$ (3)	$ 1,167

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,760	$ 3	$ 1,763
Commercial	656	3	659
Fire service	123	—	123
Industrial	137	1	138
Public and other	217	—	217
Total water services	2,893	7	2,900
Wastewater services:			
Residential	180	1	181
Commercial	52	—	52
Industrial	9	—	9
Public and other	28	—	28
Total wastewater services	269	1	270
Miscellaneous utility charges	33	—	33
Alternative revenue programs	—	(5)	(5)
Lease contract revenue	—	6	6
Total Regulated Businesses	3,195	9	3,204
Other	280	(1)	279
Total operating revenues	$ 3,475	$ 8	$ 3,483

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,622	$ —	$ 1,622
Commercial	600	—	600
Fire service	118	—	118
Industrial	126	—	126
Public and other	208	—	208
Total water services	2,674	—	2,674
Wastewater services:			
Residential	169	—	169
Commercial	46	—	46
Industrial	6	—	6
Public and other	21	—	21
Total wastewater services	242	—	242
Miscellaneous utility charges	26	—	26
Alternative revenue programs	—	12	12
Lease contract revenue	—	6	6
Total Regulated Businesses	2,942	18	2,960
Other	243	(1)	242
Total operating revenues	$ 3,185	$ 17	$ 3,202

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $65 million and $95 million are included in unbilled revenues on the Consolidated Balance Sheets as of September 30, 2024, and December 31, 2023, respectively. Also, contract assets of $38 million are included in other long-term assets on the Consolidated Balance Sheets as of September 30, 2024, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023. Contract liabilities of $32 million and $63 million are included in other current liabilities on the Consolidated Balance Sheets as of September 30, 2024, and December 31, 2023, respectively. Also, contract liabilities of $10 million are included in other long-term liabilities on the Consolidated Balance Sheets as of September 30, 2024, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023. Revenues recognized for the nine months ended September 30, 2024 and 2023, from amounts included in contract liabilities were $82 million and $92 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of September 30, 2024, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of September 30, 2024, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $631 million as of September 30, 2024, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions as of September 30, 2024

On March 11, 2024, the Company's Illinois subsidiary completed the acquisition of a wastewater treatment plant and related assets from Granite City for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities. Assets acquired from this acquisition, principally utility plant, totaled $91 million and liabilities assumed totaled $5 million. This acquisition was accounted for as a business combination and the preliminary purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

In addition to the acquisition of the Granite City wastewater treatment plant and related assets noted above, during the nine months ended September 30, 2024, the Company closed on four acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $33 million, which added approximately 7,400 water and wastewater customers. Assets acquired from these acquisitions consisted principally of utility plant. All four of these acquisitions were accounted for as a business combination and the preliminary purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the periods ended September 30, 2024 and 2023.

Closed Acquisitions - After September 30, 2024

On September 26, 2024, the Pennsylvania Commonwealth Court issued an order dismissing the appeals of Center Township and Summit Township, which sought to reverse the November 9, 2023, order entered by the PaPUC which approved a settlement agreement without modification with respect to the Company's Pennsylvania subsidiary's application to acquire the wastewater collection and treatment system assets (the "System Assets") from the Butler Area Sewer Authority. On October 29, 2024, the Pennsylvania subsidiary acquired the System Assets from the Butler Area Sewer Authority for a purchase price of $230 million, in cash. This system provides wastewater service for approximately 15,000 customer connections. The acquisition will be accounted for as a business combination in the fourth quarter of 2024 and the preliminary purchase price allocation consists primarily of utility plant.

Pending Acquisitions

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of Towamencin Township, for an aggregate purchase price of $104 million. On August 28, 2024, Towamencin Township and the Company's Pennsylvania subsidiary began the process to terminate the asset purchase agreement. On October 15, 2024, the PaPUC issued a Certificate of Filing, which approves the termination of the asset purchase agreement with respect to this acquisition. As a result, the asset purchase agreement and all rights and obligations of the Company's Pennsylvania subsidiary thereunder have been terminated without penalty.

Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller promissory note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, the secured seller note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity. The Company recognized $20 million and $13 million of interest income during the three months ended September 30, 2024 and 2023, respectively, and $57 million and $38 million of interest income during the nine months ended September 30, 2024 and 2023, respectively, from the secured seller note. The secured seller note requires compliance with affirmative and negative covenants (subject to certain conditions, limitations and exceptions), including a covenant limiting the incurrence by the Buyer and certain affiliates of additional indebtedness in excess of certain thresholds, but does not include any financial maintenance covenants. Certain of these covenants have been amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the amendment to the secured seller note eliminated the conditional right, beginning December 9, 2024, to require a repayment, without premium or penalty, of 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations thereunder. The final maturity date of the secured seller note remains December 9, 2026. The repayment obligations of the Buyer under the seller note are secured by a first priority security interest in certain property of the Buyer and the former HOS subsidiaries, including their cash and securities accounts, as well as a pledge of the equity interests in each of those subsidiaries, subject to certain limitations and exceptions.

The secured seller note may not be prepaid at the Buyer's election except in certain limited circumstances before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium ranging from 105.5% to 107.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the nine months ended September 30, 2024 and 2023, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain on Fixed-Income Securities	Accumulated Other Comprehensive Loss
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income before reclassifications	—	—	—	17	—	17
Amounts reclassified from accumulated other comprehensive loss	—	—	1	—	—	1
Net other comprehensive income	—	—	1	17	—	18
Balance as of September 30, 2024	$ (96)	$ 1	$ 75	$ 8	$ 4	$ (8)
Balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive income before reclassifications	—	—	—	—	—	—
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income	—	—	1	—	—	1
Balance as of September 30, 2023	$ (93)	$ 1	$ 71	$ (1)	$ —	$ (22)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On September 4, 2024, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of August 13, 2024.

On October 29, 2024, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on December 3, 2024, to shareholders of record as of November 12, 2024. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 23, 2024, American Water Capital Corp. ("AWCC") completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% senior notes due 2034 and $700 million aggregate principal amount of its 5.450% senior notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (1) to lend funds to American Water and the Regulated Businesses; (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the nine months ended September 30, 2024, AWCC and the Company's regulated subsidiaries issued in the aggregate $25 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 1.75%, a weighted average interest rate of 0.01%, and maturity dates ranging from 2025 through 2061. $25 million of the private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the nine months ended September 30, 2024, were collateralized. During the nine months ended September 30, 2024, AWCC and the Company's regulated subsidiaries made sinking fund payments for, or repaid at maturity, $474 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 7.17%, a weighted average interest rate of 4.20%, and maturity dates ranging from 2024 to 2061.

During the third quarter of 2024, the Company entered into seven treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $330 million. These treasury lock agreements have an average fixed interest rate of 4.02%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2024 or 2023.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes are senior unsecured obligations of AWCC and have the benefit of a support agreement from parent company, which serves as the functional equivalent of a guarantee by parent company of the obligations of AWCC under the Notes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (1) pay cash up to the aggregate principal amount of the Notes and (2) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets and, if and to the extent necessary, borrowings under the AWCC revolving credit facility, and, in the future, issuances of equity. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. As of September 30, 2024, and December 31, 2023, there were no borrowings under the revolving credit facility. As of September 30, 2024, and December 31, 2023, there were $75 million of outstanding letters of credit under the revolving credit facility.

Short-term debt consists of commercial paper borrowings totaling $215 million and $180 million as of September 30, 2024, and December 31, 2023, respectively, or net of discount $215 million and $179 million as of September 30, 2024, and December 31, 2023, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.90% and 5.51% at September 30, 2024, and December 31, 2023, respectively. At September 30, 2024, and December 31, 2023, there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(215)	(75)	(290)
Remaining availability as of September 30, 2024	$ 2,385	$ 75	$ 2,460

(a) Total remaining availability of $2.5 billion as of September 30, 2024, was accessible through revolver draws.

	As of December 31, 2023		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of September 30, 2024, and December 31, 2023, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2024	$ 127	$ 2,460	$ 2,587
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

Note 9: Income Taxes

The Company's effective income tax rate was 22.7% and 20.6% for the three months ended September 30, 2024 and 2023, respectively, and 23.1% and 21.0% for the nine months ended September 30, 2024 and 2023, respectively. The increase in the Company's effective income tax rate for the three and nine months ended September 30, 2024, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders and a decrease in deductions related to payments of stock-based compensation benefits.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Components of net periodic pension benefit cost:				
Service cost	$ 4	$ 4	$ 13	$ 12
Interest cost	21	22	63	65
Expected return on plan assets	(24)	(23)	(71)	(69)
Amortization of prior service credit	(1)	(1)	(3)	(3)
Amortization of actuarial loss	6	4	18	11
Net periodic pension benefit cost	$ 6	$ 6	$ 20	$ 16
Components of net periodic other postretirement benefit credit:				
Service cost	$ 1	$ 1	$ 2	$ 2
Interest cost	3	4	9	11
Expected return on plan assets	(3)	(3)	(9)	(9)
Amortization of prior service credit	(8)	(8)	(24)	(24)
Amortization of actuarial loss	—	1	—	2
Net periodic other postretirement benefit credit	$ (7)	$ (5)	$ (22)	$ (18)

The Company contributed $11 million and $33 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2024, respectively, and contributed $11 million and $31 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2023, respectively. The Company expects to make additional pension contributions to the plan trusts of $11 million during the remainder of 2024.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of September 30, 2024, the Company has accrued approximately $7 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $5 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Water Main Break Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. In August 2020, WVAWC filed a Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia seeking to vacate or remand the Circuit Court's order certifying the issues class. In January 2021, the Supreme Court of Appeals remanded the case back to the Circuit Court for further consideration in light of a decision issued in another case relating to the class certification issues raised on appeal. In July 2022, the Circuit Court entered an order again certifying a class to address at trial certain liability issues but not to consider damages. In August 2022, WVAWC filed another Petition for Writ of Prohibition in the Supreme Court of Appeals of West Virginia challenging the West Virginia Circuit Court's July 2022 order, which petition was denied on June 8, 2023. By order dated June 28, 2024, the Circuit Court set a new date of December 3, 2024, for a class trial on issues relating to duty and breach of that duty. This trial will not find class-wide or punitive damages. Before trial begins, mediation is scheduled to take place during the fourth quarter of 2024.

The Company and WVAWC believe that WVAWC has valid, meritorious defenses to the claims raised in this class action complaint. WVAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot reasonably estimate the amount of any reasonably possible loss or a range of loss related to this proceeding.

Chattanooga, Tennessee Water Main Break Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. On January 12, 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. On February 9, 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. On September 21, 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. On October 12, 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On December 1, 2023, TAWC filed a memorandum in opposition to the amended class definition. On January 18, 2024, and April 19, 2024, the court heard oral argument on the motions. On June 14, 2024, the court issued its written order denying the amended class and incorporating its denial of the original class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC is vigorously defending itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer the complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On March 28, 2024, the Kanawha County Circuit Court trial judge filed a memorandum opposing the referral. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims being filed, the claims process was concluded on March 8, 2024. As of September 30, 2024, a total of 593 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation. WVAWC is cooperating with its general investigation.

On March 1, 2024, the staff of the WVPSC issued an initial memorandum in each separate general investigation for Mountaineer Gas and WVAWC. On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has meritorious defenses to such claims, and WVAWC is defending itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"). The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In September 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In September 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $266 million in aggregate costs as of September 30, 2024, related to the Water Supply Project, which includes $84 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. This decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding, and further evidentiary hearings were held in March 2024.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 final decision and its December 2022 final decision, as amended by its March 30, 2023, rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act ("CEQA") in issuing a coastal development permit to Cal Am for construction of the slant wells. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of four causes of action in the petition. The three remaining claims challenge the Coastal Commission's substantive compliance with certain provisions of CEQA, the California Coastal Act, and due process requirements in considering Cal Am's application. Trial in this matter has been set for November 13, 2024.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2023, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2024 and future years may be impacted by a number of factors, including, without limitation, potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. Following a hearing held on August 16, 2024, the court approved supplemental briefing on certain issues and continued the hearing to November 1, 2024. The trial date in this matter remains vacated and will be rescheduled at a later date.

Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Actions

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requesting access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. On December 15, 2023, the MPWMD filed a lawsuit in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserts that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024, and a decision on the motion from the court remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal precedent related to similar attempts by public agencies in California to take over water systems and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

West Virginia Elk River Freedom Industries Chemical Spill

On June 8, 2018, the U.S. District Court for the Southern District of West Virginia granted final approval of a settlement class and global class action settlement (the "Settlement") for all claims and potential claims by all class members (collectively, the "West Virginia Plaintiffs") arising out of the January 2014 Freedom Industries, Inc. chemical spill in West Virginia. The effective date of the Settlement was July 16, 2018. Under the terms and conditions of the Settlement, WVAWC and certain other Company affiliated entities did not admit, and will not admit, any fault or liability for any of the allegations made by the West Virginia Plaintiffs in any of the actions that were resolved.

As of September 30, 2024, $0.5 million of the aggregate Settlement amount of $126 million remains reflected in accrued liabilities, and $0.5 million in an offsetting insurance receivable remains reflected in other current assets on the Consolidated Balance Sheets pending resolution of all asserted actual or potential claims associated with this matter. The amount reflected in accrued liabilities reflects the status of the liability and the offsetting insurance receivable reflected in other current assets, each as of September 30, 2024.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income attributable to common shareholders	$ 350	$ 323	$ 812	$ 773
Denominator:				
Weighted-average common shares outstanding—Basic	195	195	195	192
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	192

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2024 and 2023, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million and $720 million as of September 30, 2024, and December 31, 2023, respectively. On February 2, 2024, the secured seller promissory note from the sale of HOS was amended to increase the principal amount, in full satisfaction of a $75 million contingent cash payment, see Note 5—Acquisitions and Divestitures for additional information. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $803 million and $704 million as of September 30, 2024, and December 31, 2023, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of September 30, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,135	10,746	1,060	665	12,471

	As of December 31, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	9,575	1,044	757	11,376

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 50	$ —	$ —	$ 50
Rabbi trust investments	27	—	—	27
Deposits	6	—	—	6
Other investments:				
Money market and other	25	—	—	25
Fixed-income securities	108	7	—	115
Mark-to-market derivative asset	—	1	—	1
Total assets	216	8	—	224
Liabilities:				
Deferred compensation obligations	32	—	—	32
Mark-to-market derivative liability	—	3	—	3
Total liabilities	32	3	—	35
Total assets	$ 184	$ 5	$ —	$ 189

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	22	—	—	22
Deposits	8	—	—	8
Other investments:				
Money market and other	26	—	—	26
Fixed-income securities	140	6	—	146
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	27	—	—	27
Mark-to-market derivative liability	—	8	—	8
Total liabilities	27	8	—	35
Total assets (liabilities)	$ 203	$ (2)	$ —	$ 201

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $76 million and $62 million in other current assets, as of September 30, 2024, and December 31, 2023, respectively, and $64 million and $111 million in other long-term assets, as of September 30, 2024, and December 31, 2023, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of September 30, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 110	$ 8	$ 3	$ 115

	As of December 31, 2023			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 143	$ 6	$ 3	$ 146

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of September 30, 2024, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 70
1 year - 5 years	31
5 years - 10 years	6
Greater than 10 years	8
Total	$ 115

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $144 million as of September 30, 2024, and December 31, 2023. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $1 million in 2024, $4 million in 2025 through 2028, and $41 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million and $2 million for the three months ended September 30, 2024 and 2023, respectively, and $9 million and $8 million for the nine months ended September 30, 2024 and 2023, respectively.

For the three and nine months ended September 30, 2024, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million and $8 million, respectively. For the nine months ended September 30, 2024, there were ROU assets obtained in exchange for new operating lease liabilities of $10 million.

As of September 30, 2024, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of September 30, 2024, were $3 million in 2024, $11 million in 2025, $10 million in 2026, $9 million in 2027, $8 million in 2028, and $92 million thereafter. As of September 30, 2024, imputed interest was $48 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended September 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,219	$ 104	$ 1,323
Depreciation and amortization	196	4	200
Total operating expenses, net	677	103	780
Interest expense	(107)	(25)	(132)
Interest income	6	16	22
Provision for income taxes	102	1	103
Net income (loss) attributable to common shareholders	356	(6)	350
Total assets	29,238	2,552	31,790
Cash paid for capital expenditures	683	—	683

	As of or for the Three Months Ended September 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,095	$ 72	$ 1,167
Depreciation and amortization	174	3	177
Total operating expenses, net	614	75	689
Interest expense	(92)	(25)	(117)
Interest income	7	16	23
Provision for income taxes	84	—	84
Net income (loss) attributable to common shareholders	331	(8)	323
Total assets	26,987	2,831	29,818
Cash paid for capital expenditures	619	7	626

	As of or for the Nine Months Ended September 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,204	$ 279	$ 3,483
Depreciation and amortization	569	12	581
Total operating expenses, net	1,909	256	2,165
Interest expense	(306)	(81)	(387)
Interest income	14	57	71
Provision for income taxes	233	11	244
Net income (loss) attributable to common shareholders	815	(3)	812
Total assets	29,238	2,552	31,790
Cash paid for capital expenditures	1,954	8	1,962

	As of or for the Nine Months Ended September 30, 2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 2,960	$ 242	$ 3,202
Depreciation and amortization	515	8	523
Total operating expenses, net	1,770	227	1,997
Interest expense	(269)	(73)	(342)
Interest income	14	38	52
Provision for income taxes	203	2	205
Net income (loss) attributable to common shareholders	783	(10)	773
Total assets	26,987	2,831	29,818
Cash paid for capital expenditures	1,765	14	1,779

Note 16: Subsequent Events

On October 3, 2024, the Company identified unauthorized activity within its computer networks and systems, which the Company determined to be the result of a cybersecurity incident. Upon identification of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and has coordinated fully with them. As part of the incident response, and in order to protect its systems and data, the Company disconnected and deactivated certain of its systems, which have since been reconnected and reactivated upon verification that those systems were secure.

The Company believes that all necessary containment, mitigation and restoration activities related to this incident have been completed. None of the Company's water or wastewater facilities were impacted by this incident. Although the Company is unable to predict the full impact of this incident, the Company does not expect that the incident will have a material effect on the Company or its financial condition or results of operations. An understanding of the full scope, nature and impacts of this incident remains subject to an ongoing investigation. In addition, a number of putative class action lawsuits have been filed in connection with this cybersecurity incident, alleging claims related to consumer protection and data privacy. The Company is reviewing these lawsuits and intends to defend itself vigorously.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2023. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and nine months ended September 30, 2024, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.80 and $4.17, respectively, compared to $1.66 and $4.03 per share in the same periods in 2023. Results for the three and nine months ended September 30, 2024, include increased revenues from the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for the three and nine months ended September 30, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.07 per share, respectively. Results for the three and nine months ended September 30, 2023, reflect the net favorable impact of weather compared to normal, estimated at $0.04 and $0.11 per share, respectively. Results for the three and nine months ended September 30, 2024, include additional interest income of $0.03 and $0.07 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company now plans to invest approximately $3.3 billion in these growth strategies in 2024. During the first nine months of 2024, the Company invested $2.0 billion, in the Regulated Businesses, as discussed below.

- $1.9 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $119 million to fund acquisitions in the Regulated Businesses, which added approximately 33,400 customers. This includes the acquisition by the Company's Illinois subsidiary of a wastewater treatment plant and related assets from Granite City on March 11, 2024, for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities.
- Added approximately 14,700 new customers through organic growth in existing systems.

On September 26, 2024, the Pennsylvania Commonwealth Court issued an order dismissing the appeals of Center Township and Summit Township, which sought to reverse the November 9, 2023, order entered by the PaPUC which approved a settlement agreement without modification with respect to the Company's Pennsylvania subsidiary's application to acquire the wastewater collection and treatment system assets (the "System Assets") from the Butler Area Sewer Authority. On October 29, 2024, the Pennsylvania subsidiary acquired the System Assets from the Butler Area Sewer Authority for a purchase price of $230 million, in cash. This system provides wastewater service for approximately 15,000 customer connections. The acquisition will be accounted for as a business combination in the fourth quarter of 2024 and the preliminary purchase price allocation consists primarily of utility plant.

Effective March 24, 2023, the Company's Pennsylvania subsidiary acquired the rights to buy the wastewater system assets of Towamencin Township, for an aggregate purchase price of $104 million. On August 28, 2024, Towamencin Township and the Company's Pennsylvania subsidiary began the process to terminate the asset purchase agreement. On October 15, 2024, the Pennsylvania Public Utility Commission ("PaPUC") issued a Certificate of Filing, which approves the termination of the asset purchase agreement with respect to this acquisition. As a result, the asset purchase agreement and all rights and obligations of the Company's Pennsylvania subsidiary thereunder have been terminated without penalty.

In December 2020, the Company's Pennsylvania subsidiary entered into an agreement (an acquisition intended to comply with Act 12 (discussed below)) to acquire the wastewater collection system assets of Brentwood Borough ("Brentwood") for a purchase price of approximately $19 million. On February 22, 2024, the PaPUC denied the Pennsylvania subsidiary's application to acquire Brentwood. On April 3, 2024, the Pennsylvania subsidiary filed an appeal of the decision with the Pennsylvania Commonwealth Court, asserting, among other things, the PaPUC did not apply the correct legal standard in its decision. The Company cannot currently predict the outcome of this appeal, and the matter remains pending.

As of October 30, 2024, the Company had entered into 22 agreements with a total aggregate purchase price of $169 million for pending acquisitions in the Regulated Businesses, to add approximately 43,400 additional customers.

On February 7, 2024, the PaPUC proposed the Tentative Supplemental Implementation Order ("TSIO") which seeks to make certain changes to the process by which the PaPUC considers and decides applications to acquire water and wastewater assets under Pennsylvania's existing utility valuation law, known as Act 12 of 2016 ("Act 12"). The TSIO proposes, among other things, a reasonableness review ratio that would be applied to help guide the determination on the overall prudency of the transaction and reasonableness of the purchase price. On July 2, 2024, the PaPUC issued the Final Supplemental Implementation Order ("FSIO"), which largely adopts the provisions in the TSIO. The provisions of the FSIO are not retroactive and apply to acquisition applications filed after July 2, 2024. Separately, legislation has also been introduced in the Pennsylvania House of Representatives that would amend Act 12 and establish new guidelines for evaluating applicable acquisitions. The proposed bills were reported out of committee but have not yet been considered by the full House of Representatives. The Company cannot currently predict the outcome of these or other legislative initiatives, or their impacts, but the Company intends to continue to support outcomes that allow for consolidation and investment in water and wastewater infrastructure in Pennsylvania and in its other regulated jurisdictions.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the U.S. Environmental Protection Agency ("EPA") announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

As previously disclosed, the Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities over a five-year period in order to comply with the new regulations. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning after the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Part II, Item 1—Legal Proceedings—PFAS Multi-District Litigation, in the Company's Form 10-Q for the quarter ended June 30, 2024.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The Company, along with a coalition (Water Coalition Against PFAS) of many other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS related liability.

On October 8, 2024, the EPA announced a final NPDWR for lead and copper in drinking water known as the Lead and Copper Rule Improvements ("LCRI"). The compliance date ("Compliance Date") for the final rule is estimated to begin in the fourth quarter of 2027, three years after the date of publication in the federal register. The LCRI includes requirements related to (1) achieving lead replacement by the end of 2037, 10 years from the Compliance Date; (2) locating legacy lead pipes; (3) improving tap sampling; (4) lowering the lead action level; and (5) strengthening protections to reduce exposure. The LCRI builds on the Lead and Copper Rule Revisions ("LCRR") that were finalized in 2021 with the LCRI deferring the due date for several requirements from the LCRR for three years. The EPA is requiring water systems to replace all lead and certain galvanized service lines under their control no later than 10 years after the Compliance Date. The Company is in the process of reviewing the specific requirements of the LCRI to determine capital expenditures and operating costs. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

The Company continues to comply with the EPA's existing Lead and Copper Rule requirements by replacing lead service lines in accordance with current scientific guidance and utilizing appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

The Company met the LCRR requirements, effective October 16, 2024, identified as enforceable by the EPA. Remaining LCRR requirements are deferred under the LCRI.

Cybersecurity Incident

On October 3, 2024, the Company identified unauthorized activity within its computer networks and systems, which the Company determined to be the result of a cybersecurity incident. Upon identification of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and has coordinated fully with them. As part of the incident response, and in order to protect its systems and data, the Company disconnected and deactivated certain of its systems, which have since been reconnected and reactivated upon verification that those systems were secure.

The Company believes that all necessary containment, mitigation and restoration activities related to this incident have been completed. None of the Company's water or wastewater facilities were impacted by this incident. Although the Company is unable to predict the full impact of this incident, the Company does not expect that the incident will have a material effect on the Company or its financial condition or results of operations. An understanding of the full scope, nature and impacts of this incident remains subject to an ongoing investigation. In addition, a number of putative class action lawsuits have been filed in connection with this cybersecurity incident, alleging claims related to consumer protection and data privacy. The Company is reviewing these lawsuits and intends to defend itself vigorously.

Regulatory Matters

General Rate Cases

Presented in the table below are annualized incremental revenues, including reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2024:

(In millions)	Effective Date	Amount
General rate cases by state:		
New Jersey	September 15, 2024	$ 80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(a)	48
Kentucky	May 3, 2024 (b)	11
West Virginia	February 25, 2024	18
Total general rate case authorizations		$ 256

(a) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

(b) The Kentucky Public Service Commission issued its final order on May 3, 2024. On May 16, 2024, the Kentucky subsidiary filed a petition for rehearing.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions that were or remain pending, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. The petition for rehearing also requested that any revisions become effective February 6, 2024, with any difference between the adjusted amount and initial approved rates subject to refund or collection. On May 28, 2024, the KPSC granted the request for rehearing, and the Kentucky subsidiary expects resolution of this proceeding later in 2024.

On February 23, 2024, the West Virginia Public Service Commission issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.10% and a long-term debt ratio of 49.90%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission ("IURC") issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On May 1, 2024, the Company's Tennessee subsidiary filed a general rate case requesting approximately $14 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 54.52% and debt component of 45.48%. The requested annualized revenue increase is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 25, 2024, the Company's Illinois subsidiary filed tariffs for new water and wastewater rates. The request seeks a two-step rate increase consisting of aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $132 million, excluding infrastructure surcharges of $5 million, effective January 1, 2025, based on a future test year through December 31, 2025, with average rate base and a capital structure with an equity component of 52.27% and a debt component of 47.73%, and (ii) approximately $16 million effective January 1, 2026, based on a future test year to include end of period rate base and a capital structure with an equity component of 54.43% and a debt component of 45.57%. The requested increases are driven primarily by an estimated $557 million in capital investments to be made by the Illinois subsidiary from January 2024 through December 2025. The request also proposes a treatment and compliance rider to address recovery of future environmental compliance investments, and a modification to the existing volume balancing account mechanism to include full production cost recovery. The requested increase was subsequently updated in the Illinois subsidiary's June 20, 2024, rebuttal filing, with the first step request adjusted to $140 million in additional annualized revenues. On October 24, 2024, a proposed order was issued by the administrative law judge in the proceeding, recommending a 9.84% return on equity and a capital structure with an equity component of 49.00% and a debt component of 51.00%. In addition, the proposed order recommended against the Illinois subsidiary's second-step increase. The recommendations in the proposed order may be accepted, modified or rejected by the Illinois Commerce Commission. A final order in the case is expected no later than December 17, 2024, with new rates implemented January 1, 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the California Public Utilities Commission ("CPUC") granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

On July 1, 2022, the Company's California subsidiary filed a general rate case requesting an increase in 2024 revenue of $56 million and a total increase in revenue over the 2024 to 2026 period of $95 million, all as compared to 2022 revenues. The Company updated its filing in January 2023 to capture the authorized step increase effective January 1, 2023. The filing was also updated to incorporate a decoupling proposal and a revision to the Company's sales and associated variable expense forecast. The revised filing requested additional annualized revenues for the test year 2024 of $37 million, compared to 2023 revenues. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20 million and $19 million, respectively. The total revenue requirement request for the three-year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76 million. On November 17, 2023, the California subsidiary filed with the CPUC a partial settlement agreement reached with the CPUC's Public Advocates Office, which would determine the amount of incremental annualized water and wastewater revenue to be received by the California subsidiary to be $20 million in the 2024 test year, $16 million in the 2025 escalation year, and $15 million in the 2026 attrition year. The partial settlement agreement addresses the California subsidiary's revenue requirement request but does not address rate design or certain other matters, such as the requested inclusion and implementation of a revenue stability mechanism to separate the California subsidiary's revenue and water sales. On August 27, 2024, a proposed decision was issued in the proceeding which, among other provisions, recommended adoption by the CPUC of the partial settlement agreement and recommended denial of the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism and its currently effective Annual Consumption Adjustment Mechanism. On September 16, 2024, and September 23, 2024, the California subsidiary submitted comments in the proceeding continuing to support its position and recommending the CPUC revise the proposed decision to approve the Water Resource Sustainability Plan decoupling mechanism and maintain the Annual Consumption Adjustment Mechanism. The CPUC will consider the proposed decision and all responsive comments and will issue a final decision in the proceeding, which is currently scheduled for December 5, 2024, with new rates implemented retroactively to January 1, 2024.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the West Virginia Public Service Commission directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Pending Infrastructure Surcharge Filings

On September 3, 2024, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $17 million in additional annualized revenues.

On August 30, 2024, the Company's Kentucky subsidiary filed an infrastructure surcharge proceeding requesting $2 million in additional annualized revenues.

On June 28, 2024, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $4 million in additional annualized revenues.

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the current pending rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its pending 2022 general rate case, which, if adopted, will become effective upon receiving an order in the current pending rate case, as discussed above.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Operating revenues	$ 1,323	$ 1,167	$ 3,483	$ 3,202
Operating expenses:				
Operation and maintenance	496	436	1,339	1,248
Depreciation and amortization	200	177	581	523
General taxes	84	76	246	227
Other	—	—	(1)	(1)
Total operating expenses, net	780	689	2,165	1,997
Operating income	543	478	1,318	1,205
Other (expense) income:				
Interest expense	(132)	(117)	(387)	(342)
Interest income	22	23	71	52
Non-operating benefit costs, net	7	9	23	26
Other, net	13	14	31	37
Total other (expense) income	(90)	(71)	(262)	(227)
Income before income taxes	453	407	1,056	978
Provision for income taxes	103	84	244	205
Net income attributable to common shareholders	$ 350	$ 323	$ 812	$ 773

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by management to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Operating revenues	$ 1,219	$ 1,095	$ 3,204	$ 2,960
Operation and maintenance	402	368	1,109	1,043
Depreciation and amortization	196	174	569	515
General taxes	79	72	232	213
Other	—	—	(1)	(1)
Other expenses	(84)	(66)	(247)	(204)
Provision for income taxes	102	84	233	203
Net income attributable to common shareholders	$ 356	$ 331	$ 815	$ 783

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2024**	**2023**	**2024**	**2023**
Water services:				
Residential	$ 679	$ 607	$ 1,763	$ 1,622
Commercial	255	231	659	600
Fire service	41	40	123	118
Industrial	50	50	138	126
Public and other	81	72	212	220
Total water services	1,106	1,000	2,895	2,686
Wastewater services:				
Residential	62	58	181	169
Commercial	20	16	52	46
Industrial	4	2	9	6
Public and other	11	8	28	21
Total wastewater services	97	84	270	242
Other (a)	16	11	39	32
Total operating revenues	$ 1,219	$ 1,095	$ 3,204	$ 2,960

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Billed water services volumes:				
Residential	51,137	49,452	123,752	123,527
Commercial	24,389	23,481	60,971	59,029
Industrial	10,261	10,559	28,308	28,014
Fire service, public and other	16,263	15,760	41,077	41,042
Total billed water services volumes	102,050	99,252	254,108	251,612

For the three and nine months ended September 30, 2024, operating revenues increased $124 million and $244 million, respectively, primarily due to increases of $83 million and $183 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $11 million and $29 million for the three and nine months ended September 30, 2024, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Also, operating revenues were $7 million and $17 million higher for the three and nine months ended September 30, 2024, respectively, as a result of reduced amortization of EADIT, primarily in the Company's Missouri subsidiary. For the three and nine months ended September 30, 2024, operating revenues increased $20 million from strong demand. For the nine months ended September 30, 2024, these increases were partially offset by a $8 million estimated net decrease due to warm, dry weather in 2023.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

(In millions)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Employee-related costs	$ 134	$ 127	$ 405	$ 386
Production costs	133	125	344	324
Operating supplies and services	72	59	196	173
Maintenance materials and supplies	25	22	66	65
Customer billing and accounting	20	19	48	48
Other	18	16	50	47
Total operation and maintenance expense	$ 402	$ 368	$ 1,109	$ 1,043

For the three and nine months ended September 30, 2024, operation and maintenance expense increased $34 million and $66 million, respectively, due to increased production costs primarily from higher purchased water cost and usage, increased employee related costs to support growth and increases in other operating expenses.

Depreciation and Amortization

For the three and nine months ended September 30, 2024, depreciation and amortization increased $22 million and $54 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments.

General Taxes

For the three and nine months ended September 30, 2024, general taxes increased $7 million and $19 million, respectively, primarily due to incremental property taxes and New Jersey Gross Receipts Tax.

Other Expenses

For the three and nine months ended September 30, 2024, other expenses increased $18 million and $43 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt and a decrease in allowance for funds used during construction in the current periods. These increases were partially offset by decreases in interest expense as a result of lower average commercial paper borrowings and from the repayment of American Water Capital Corp.'s ("AWCC") 3.850% Senior Notes in March 2024.

Provision for Income Taxes

For the three and nine months ended September 30, 2024, the Regulated Businesses' provision for income taxes increased $18 million and $30 million, respectively. The Regulated Businesses' effective income tax rate was 22.3% and 20.2% for the three months ended September 30, 2024 and 2023, respectively, and 22.2% and 20.6% for the nine months ended September 30, 2024 and 2023, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	2024	2023	2024	2023
Operating revenues	$ 104	$ 72	$ 279	$ 242
Operation and maintenance	94	68	230	205
Depreciation and amortization	4	3	12	8
General taxes	5	4	14	14
Interest expense	(25)	(25)	(81)	(73)
Interest income	16	16	57	38
Other income	3	4	9	12
Provision for income taxes	1	—	11	2
Net loss attributable to common shareholders	$ (6)	$ (8)	$ (3)	$ (10)

Operating Revenues

For the three and nine months ended September 30, 2024, operating revenues increased $32 million and $37 million, respectively, primarily due to timing of capital projects in MSG and the Contract Services Group businesses.

Operation and Maintenance

For the three and nine months ended September 30, 2024, operation and maintenance expense increased $26 million and $25 million, respectively, primarily due to costs associated with the increased capital projects in MSG.

Interest Income

For the nine months ended September 30, 2024, interest income increased $19 million, primarily due to the increased interest rate and higher principal balance on the amended secured seller promissory note from the sale of HOS. See Note 5—Acquisitions and Divestitures in the Notes to Consolidated Financial Statements for additional information.

Legislative Updates

During 2024, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of October 30, 2024:

- New Jersey passed Assembly Bill 4791, establishing the "Resiliency and Environmental System Investment Charge Program," which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance such as existing and proposed requirements for PFAS, safety, and public health. Legislation was signed by the Governor and became effective on January 12, 2024.
- Indiana passed Senate Bill 5, which provides access to a property by a water utility to replace lead service lines when a landowner does not enroll in the offered lead service line replacement program, does not personally replace the customer owned portion of the lead service line following notice and a 45-day waiting period, or is non-responsive to attempted communication after the 45-day waiting period. Legislation was signed by the Governor and became effective on March 11, 2024.
- Iowa passed House File 207, which modifies property tax assessments to exempt property owned or operated by a public or private utility and is directly and primarily used for furnishing sanitary sewage or storm water drainage disposal by a piped collection system to the public for compensation. Legislation was signed by the Governor and became effective on May 2, 2024.

- West Virginia passed House Bill 5617, which adopts standards and authorizes the Public Service Commission to promulgate rules, and also allows for rate recovery, on maintenance, flushing, flow testing and marking of fire hydrants owned by water utilities. Legislation was signed by the Governor and became effective on June 4, 2024.
- Iowa passed House File 2101, which increases the threshold amount required for approval by the Iowa Utilities Commission for water and wastewater utility acquisition filings from $0.5 million to $3 million. Legislation was signed by the Governor and became effective on July 1, 2024.
- Indiana passed Senate Bill 247, which establishes a 30-day filing with the IURC by a utility for an acquisition of a utility with an appraised value and purchase price of less than $3 million. Legislation was signed by the Governor became effective on July 1, 2024.

During 2024, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of October 30, 2024:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and will become effective January 1, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey water service system assets (the "Monterey system assets") of the Company's California subsidiary ("Cal Am") are the subject of a potential condemnation action by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action and Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, commercial paper markets, future issuances of equity, and, if and to the extent necessary, borrowings under AWCC's revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% senior notes due 2034 and $700 million aggregate principal amount of its 5.450% senior notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (1) to lend funds to American Water and the Regulated Businesses; (2) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (3) to repay AWCC's commercial paper obligations; and (4) for general corporate purposes.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million. As of September 30, 2024, and December 31, 2023, there were no borrowings under the revolving credit facility. As of September 30, 2024, and December 31, 2023, there were $75 million of outstanding letters of credit under the revolving credit facility.

Presented in the tables below is the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(215)	(75)	(290)
Remaining availability as of September 30, 2024	$ 2,385	$ 75	$ 2,460

(a) Total remaining availability of $2.5 billion as of September 30, 2024, was accessible through revolver draws.

	As of December 31, 2023		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2024	$ 127	$ 2,460	$ 2,587
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.90% and 5.51% at September 30, 2024, and December 31, 2023, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

During the third quarter of 2024, the Company entered into seven treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $330 million. These treasury lock agreements have an average fixed interest rate of 4.02%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2024 or 2023.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Nine Months Ended September 30,	
(In millions)	2024	2023
Net income	$ 812	$ 773
Add (less):		
Depreciation and amortization	581	523
Deferred income taxes and amortization of investment tax credits	84	129
Other non-cash activities (a)	28	(13)
Changes in assets and liabilities (b)	(66)	(31)
Pension contributions	(33)	(34)
Net cash provided by operating activities	$ 1,406	$ 1,347

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other assets and liabilities, net.

For the nine months ended September 30, 2024, cash provided by operating activities increased $59 million, due to an increase in net income and other non-cash activities, offset by changes in deferred income taxes and an increase in other long-term assets.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

(In millions)	For the Nine Months Ended September 30, 2024	2023
Capital expenditures	$ (1,962)	$ (1,779)
Acquisitions, net of cash acquired	(119)	(36)
Removal costs from property, plant and equipment retirements, net	(112)	(113)
Purchases of available-for-sale fixed-income securities	(113)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	147	—
Net cash used in investing activities	$ (2,159)	$ (1,928)

For the nine months ended September 30, 2024, cash used in investing activities increased $231 million, primarily due to increased payments for capital expenditures and acquisitions.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Nine Months Ended September 30, 2024	2023
Proceeds from long-term debt, net of discount	$ 1,416	$ 1,246
Repayments of long-term debt	(474)	(263)
Net proceeds from common stock financing	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	35	(1,175)
Debt issuance costs	(13)	(15)
Dividends paid	(436)	(395)
Other financing activities, net (a)	38	39
Net cash provided by financing activities	$ 566	$ 1,125

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the nine months ended September 30, 2024, cash provided by financing activities decreased $559 million, primarily due to the repayment of long-term debt in the current period and the proceeds from the common stock financing in March 2023. These decreases were partially offset by a higher issuance of long-term debt and lower repayments of short-term commercial paper borrowings compared to the prior period.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On September 30, 2024, the Company's ratio was 0.56 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of October 30, 2024, as issued by Moody's Ratings on January 29, 2024, and S&P Global Ratings on March 4, 2024:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2024.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2024, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K and Form 10-Q. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

Water Supply Project Land Acquisition and Slant Well Site Use

The July 15, 2024, trial date previously set by the Monterey County Superior Court for the City's May 2020 lawsuit has been vacated pending receipt of the SWRCB's expert advisory opinion. On September 19, 2024, the SWRCB administrative hearing officer sent a letter to the court advising that the full draft report of the SWRCB advisory opinion addressing the questions referred by the court would not be received until at least November 1, 2024, and would then be likely considered by the SWRCB at its public board meeting scheduled for December 2024. The court therefore scheduled another status conference for January 28, 2025.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a National Pollutant Discharge Elimination System, or NPDES, permit must be obtained by Monterey One Water as the outfall owner from the Regional Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's Board on September 30, 2024.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

Following a hearing held on August 16, 2024, the court approved supplemental briefing on certain issues and continued the hearing to November 1, 2024. The trial date in this matter remains vacated and will be rescheduled at a later date.

Proposed Acquisition of Monterey System Assets — MPWMD Condemnation Action

MPWMD Condemnation Action

On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Hearings on the motion were held on May 3, 2024, and August 23, 2024, and a decision on the motion from the court remains pending.

Dunbar, West Virginia Water Main Break Class Action Litigation

By order dated June 28, 2024, the Circuit Court set a date of December 3, 2024, for a class trial on issues relating to duty and breach of that duty. This trial will not find class-wide or punitive damages. Before trial begins, mediation is scheduled to take place during the fourth quarter of 2024.

Mountaineer Gas Company Main Break

The West Virginia Business Court has set a trial date of October 7, 2025, for the matter of *Mountaineer Gas Company v. West Virginia-American Water Company.*

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims being filed, the claims process was concluded on March 8, 2024. As of September 30, 2024, a total of 593 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. Other than as set forth below, there have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

We are, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical and cyber attacks from internal or external sources. Our water and wastewater systems may be vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, could also be targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations. By way of example, on October 7, 2024, we disclosed that, on October 3, 2024, we identified unauthorized activity within our information technology computer networks and systems, which we determined to be the result of a cybersecurity incident. See Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident for more information regarding this incident.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the recent cybersecurity incident that we experienced demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. Although the Company is unable to predict the full impact of this incident, the Company does not expect that the incident will have a material effect on the Company or its financial condition or results of operations. An understanding of the full scope, nature and impact of this incident remains subject to our ongoing investigation. The Company remains subject to various risks due to this incident, including those related to the adequacy of processes during the period of disruption, diversion of management's attention, and litigation and regulatory scrutiny, including from putative class action lawsuits that have been filed in connection with the recent incident. Cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. We have incurred, and may continue to incur, certain expenses related to the cybersecurity incident, including expenses to respond to, remediate and investigate this matter. Although we maintain cybersecurity insurance, the full scope of the costs and related impacts of the recent cybersecurity incident remain subject to investigation, and thus we cannot be certain of the extent to which such coverage or third-party indemnification will cover such costs. In the future, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not be covered by insurance or recoverable in rates.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended September 30, 2024. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through September 30, 2024, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.3	Officers' Certificate of American Water Capital Corp., dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
*10.2	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent.
*10.3	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and M. Susan Hardwick.

Exhibit Number	Exhibit Description
*10.4	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and John C. Griffith.
*10.5	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler.
*10.6	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell.
*10.7	Omnibus Amendment No. 1 to American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022, 2023 and 2024 Restricted Stock Unit Grants (for Section 16 officers only).
*10.8	Omnibus Amendment No. 1 to Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022, 2023 and 2024 Performance Stock Unit Grants (PSU-TSR) (for Section 16 officers only).
*10.9	Omnibus Amendment No. 1 to Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022, 2023 and 2024 Performance Stock Unit Grants (PSU-EPS) (for Section 16 officers only).
*10.10	Omnibus Amendment No. 1 to Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grants (PSU-ROE) (for Section 16 officers only).
*31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and the Amendment No. 1 to Secured Seller Note Agreement filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of October, 2024.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Execution Version

EXTENSION AGREEMENT

This **EXTENSION AGREEMENT** (this "Agreement"), dated as of October 28, 2024, is entered into among **AMERICAN WATER CAPITAL CORP.**, a Delaware corporation ("AWCC" or the "Borrower"), the Lenders party hereto, and Wells Fargo Bank, National Association, as administrative agent for the Lenders (the "Administrative Agent").

RECITALS

AWCC, the Lenders and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement, dated as of October 26, 2022 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Credit Agreement.

AWCC, the Lenders party thereto and the Administrative Agent previously entered into an Extension Agreement, dated October 26, 2023, whereby the Termination Date was extended by a period of one year, pursuant to Section 2.06(b) of the Credit Agreement.

AWCC has requested its second (and final) one-year extension of the Termination Date pursuant to Section 2.06(b) of the Credit Agreement and each Lender executing this Agreement as an "Extending Lender" (each, an "Extending Lender") has approved such request pursuant to Section 2.06(b) of the Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Extension. Pursuant to Section 2.06(b) of the Credit Agreement, the Borrower requested an extension of the Termination Date for a period of one year from October 26, 2028 to October 26, 2029 (the "Extension"). As of the date hereof, the Extending Lenders constituting the Required Lenders have agreed to extend (such agreement evidenced by their execution of this Agreement) the Termination Date as to the Extending Lenders for a period of one year from October 26, 2028 to October 26, 2029. Subject to the satisfaction of the conditions in Section 3 hereof, the Termination Date as to the Extending Lenders is hereby extended to October 26, 2029. The Termination Date as to each Non-Extending Lender remains unchanged, subject to the right of the Borrower pursuant to Section 2.06(e) of the Credit Agreement to require any Non-Extending Lender to assign to one or more Eligible Assignees all of its rights and obligations under the Credit Agreement.

2. Limited Waiver. Subject to the satisfaction of the conditions set forth in Section 3 hereof, the Borrower and the Required Lenders hereby waive the various notice and timing requirements contained in Section 2.06(b)-(d) of the Credit Agreement; provided, however, that the deadline for the Administrative Agent to receive Extending Lender consents for purposes of Section 2.06(c) and (d) of the Credit Agreement shall be 5:00 P.M. Eastern time on October 25, 2024.

3. Conditions to Effectiveness. The Extension set forth in Section 1 and the limited waiver set forth in Section 2 shall become effective as of the date (the "Effective Date") on which each of the following conditions precedent shall have been satisfied:

a. The Administrative Agent shall have received counterparts of this Agreement duly executed by AWCC, the Parent (solely for purposes of acknowledging Section 4), the Administrative Agent and Extending Lenders constituting the Required Lenders.

b. AWCC shall have paid the fees and reasonable expenses required to be paid on or prior to the Effective Date under that certain fee letter, dated as of October 28, 2024, among AWCC, Wells Fargo Securities, LLC, and Wells Fargo Bank, National Association, including but not limited to an extension fee equal to 0.06% of each Extending Lender's Commitment as of the Effective Date, and all other fees and reasonable expenses of the Administrative Agent and the Lenders required under the Credit Agreement and any other Loan Document to be paid on or prior to the Effective Date (including reasonable fees and expenses of counsel) in connection with this Agreement.

c. The Administrative Agent shall have received a certificate of a Responsible Officer of AWCC, dated as of the Effective Date, confirming satisfaction of the conditions set forth in Sections 3.02(b) and 3.02(c) of the Credit Agreement (with all references in such Sections to a Borrowing or Swingline Borrowing being deemed to be references to the Extension).

d. The Administrative Agent shall have received copies (certified to be true and complete by a Responsible Officer of the Borrower) of all governmental approvals (if any) required for each of the Borrower and the Parent in connection with the Extension.

4. Reaffirmation. The Parent hereby confirms and agrees that after giving effect to this Agreement and the Extension, the Obligations owing by the Borrower under the Credit Agreement constitute "Debt" under the Support Agreement. The Parent acknowledges that the Administrative Agent and the Extending Lenders would not enter into this Agreement in the absence of the acknowledgment and confirmation contained herein.

5. Full Force and Effect. Except as expressly modified hereby, the Credit Agreement and the Loan Documents shall continue in full force and effect in accordance with the provisions thereof on the date hereof. As used in the Credit Agreement, "hereinafter," "hereto," "hereof," and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement after giving effect to this Agreement. Any reference to the Credit Agreement or any of the other Loan Documents herein or in any such documents shall refer to the Credit Agreement and Loan Documents as modified hereby. This Agreement is limited as specified and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Credit Agreement or any Loan Document except as expressly set forth herein. This Agreement shall constitute a Loan Document under the terms of the Credit Agreement.

6. Severability of Provisions. Any provision in this Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be

inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction.

7. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

8. Expenses. The Borrower agrees on demand (i) to pay all reasonable fees and expenses of counsel to the Administrative Agent, and (ii) to reimburse the Administrative Agent for all reasonable out-of-pocket costs and expenses, in each case, in connection with the preparation, negotiation, execution and delivery of this Agreement.

9. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. Construction. The headings of the various sections and subsections of this Agreement have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

11. Counterparts; Electronic Delivery. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument. Delivery by any party to this Agreement of its signatures hereon through facsimile or other electronic image file (including .pdf) may be relied upon as if this Agreement were physically delivered with an original hand-written signature of such party and shall be binding on such party for all purposes.

[*remainder of page intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

AMERICAN WATER CAPITAL CORP.

By: /s/ NICHOLAS FURIA
Name: Nicholas Furia
Title: Vice President and Treasurer

Acknowledged and agreed solely as to Section 4 of this Agreement:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS FURIA
Name: Nicholas Furia
Title: Vice President and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, an LC Issuing Bank, a Swingline Bank and an Extending Lender

By: /s/ WHITNEY SHELLENBERG
Name: Whitney Shellenberg
Title: Executive Director

JPMORGAN CHASE BANK, N.A., as an Extending Lender

By: /s/ OSWIN JOSEPH
Name: Oswin Joseph
Title: Executive Director

BANK OF AMERICA, N.A., as an Extending Lender

By: /s/ DILCIA PENA HILL
Name: Dilcia P. Hill
Title: Senior Vice President

MIZUHO BANK, LTD, as an Extending Lender

By: /s/ EDWARD SACKS
Name: Edward Sacks
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION, as an Extending Lender

By: /s/ MEREDITH L. JERMANN
Name: Meredith L. Jermann
Title: Vice President

ROYAL BANK OF CANADA, as an Extending Lender

By: /s/ MARTINA WELLIK
Name: Martina Wellik
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION, as an Extending Lender

By: /s/ JAMES O'SHAUGHNESSY
Name: James O'Shaughnessy
Title: Senior Vice President

TD BANK, N.A., as an Extending Lender

By: /s/ M. BERNADETTE COLLINS
Name: Bernadette Collins
Title: Senior Vice President

TRUIST BANK, as an Extending Lender

By: /s/ JUSTIN LIEN
Name: Justin Lien
Title: Director

REGIONS BANK, as an Extending Lender

By: /s/ TEDRICK TARVER
Name: Tedrick Tarver
Title: Director

THE BANK OF NOVA SCOTIA, as an Extending Lender

By: /s/ DAVID DEWAR
Name: David Dewar
Title: Director

THE HUNTINGTON NATIONAL BANK, as an Extending Lender

By: /s/ NOLAN WOODBURY
Name: Nolan Woodbury
Title: Assistant Vice President

THE BANK OF NEW YORK MELLON, as an Extending Lender

By: /s/ MOLLY H. ROSS
Name: Molly H. Ross
Title: Director

THE NORTHERN TRUST COMPANY, as an Extending Lender

By: /s/ ANDREW D. HOLTZ
Name: Andrew D. Holtz
Title: Senior Vice President

Exhibit 10.3

August 1, 2024

Ms. M. Susan Hardwick
[REDACTED]
[REDACTED]

Dear Susan:

On behalf of American Water Works Service Company, Inc., I am confirming your new posi on as Chief Execu ve Officer at our Camden, New Jersey headquarters office. The effec ve date of your new posi on is August 1, 2024. **The terms described in this offer le er are subject to the recommenda on of the Execu ve Development & Compensa on Commi ee (ED&CC) and the approval of the independent members of the Board of Directors and will not be effec ve un l such approvals are received.**

Base Salary: There will be no change to your current annual salary. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2025.

APP: There will be no change to your 2024 target award eligibility. For reference purposes, the 2024 cycle covers the period beginning on 01/01/2024 through 12/31/2024. Awards from the Annual Performance Plan are based on several company performance objec ves, and payments may be higher or lower than target.

LTPP: You remain eligible to receive a performance award under the American Water Long Term Performance Plan.

Benefits: Your current benefits will remain unchanged and in effect, including your vaca on accrual. This change in your posi on is not an IRS Qualified Life Event allowing you to change your American Water benefit elec ons.

Non-Qualified Deferred Compensa on: You will remain eligible to par cipate in our Non-Qualified Deferred Compensa on Plan. The Company may make Employer Matching and Defined Contribu on Account contribu ons as soon as administra vely prac cable a. er the end of the applicable plan year. Under the Non-Qualified Deferred Compensa□on Plan, Employer Matching contribu□ons are immediately vested; Defined Contribu□on Account contribu□ons will vest after five years of service.

As you will con□nue to be a Sec□on 16 officer of the Company, American Water may be required to disclose your compensa□on and/or this offer le□er in an SEC filing. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your posi□on.

Sincerely,

Karl F. Kurz
Board Chair
American Water

cc: Melanie Kennedy, Execu□ve Vice President, Chief Human Resources Officer

I, M. Susan Hardwick, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any par cular job for any specified period of me. The Company or I may terminate my employment at any me, for any or no reason, with or without cause.

/s/ M. SUSAN HARDWICK _____ 8/1/24 _____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confiden□ality Policy and Agreement ("Confiden□ality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confiden□al and propriety informa□on and trade secrets. You acknowledge and agree that you are signing this Confiden□ality Agreement for good and adequate considera□on including your employment by or con□nuing employment by American Water or one of its subsidiaries (collec□vely, the "Company"); the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits. You further acknowledge that this Confiden□ally Agreement is in addi□on to exis□ng American Water policies addressing the handling of sensi□ve informa□on, cyber and informa□on security.

The Company's Confiden□ality Policy

The protec□on of confiden□al business informa□on and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confiden□al informa□on including, without limita□on: all informa□on about markets, key personnel, opera□onal methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid informa□on, manuals, books, training materials, forms and procedures, policies, customer or prospec□ve customer lists, customer-related data, marke□ng plans and strategies, financial informa□on, technical informa□on, technical processes and methods, algorithms, documents rela□ng to any of the foregoing, and other wri□en and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collec□vely, "Confiden□al Informa□on"). Confiden□al Informa□on includes all forms and types of financial, business, scien□fic, technical, economic, or engineering informa□on, including pa□erns, plans, compila□ons, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in wri□ng if -- (A) the Company has taken reasonable measures to keep such informa□on secret; and (B) the informa□on derives independent economic value, actual or poten□al, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the informa□on. Confiden□al Informa□on may also be "material, non-public informa□on" as defined by federal securi□es laws and Company policy, both of which prohibit insider trading. Confiden□al Informa□on may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analy□c models. Confiden□al Informa□on is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confiden□al Informa□on must be protected as confiden□al and not copied, disclosed or used, directly or indirectly, at any □me, other than for the Company's benefit (to the extent permi□ed by law), unless and un□l such knowledge or informa□on is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such en□□es who need to know), publish or make use of any Confiden□al Informa□on without the Company's express prior wri□en consent; provided, however, that nothing shall prohibit or restrict an employee from par□cipa□ng, coopera□ng, or tes□fying in any ac□on, inves□ga□on, or proceeding with, or providing informa□on to, any governmental agency or legisla□ve body, or any self-regulatory organiza□on (collec□vely, the "Regulators"). Employees may engage in such ac□vi□es with the Regulators without no□fying or obtaining prior authoriza□on from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental en□ty related to a suspected viola□on of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confiden□al or proprietary informa□on as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an a□orney and solely for the purpose of repor□ng or inves□ga□ng a suspected viola□on of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confiden□al Informa□on to his or her a□orney and may use the trade secret or Confiden□al Informa□on in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or Confiden□al Informa□on at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confiden□al Informa□on except as required by court order.

AMERICAN WATER

Following the cessa□on of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confiden□al Informa□on, and they shall not misappropriate, u□lize, disclose or infringe upon the Confiden□al Informa□on of the Company or any of its affiliates (including the recrea□on or reconstruc□on of Confiden□al Informa□on from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confiden□al or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composi□on or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in wri□ng. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confiden□al Informa□on would not interrupt the legi□mate business opera□ons of the employee; and (iii) an injunc□on would not prevent the employee from entering into an employment rela□onship. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpreta□on, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with ques□ons regarding this Confiden□ality Agreement or the Company's Confiden□ality Policy including ques□ons regarding whether any par□cular informa□on cons□tutes "Confiden□al Informa□on," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confiden□al Informa□on may be subject to disciplinary ac□on, up to and including termina□on of employment, as well as legal ac□on, even if the employee does not actually benefit from the disclosed informa□on.

You acknowledge that you (a) have carefully read and considered the provisions of this Confiden□ality Agreement and the Company's Confiden□ality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confiden□ality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

/s/ M. SUSAN HARDWICK
Employee Signature

M. Susan Hardwick
Employee Name (Print)

8/1/24
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inven□ons you may make or works you may create in connec□on with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collec□vely, the "Company") and your treatment of the Company's confiden□al and proprietary informa□on. You acknowledge and agree that you are signing this Agreement for good and adequate considera□on including (a) your employment by or con□nuing employment by the Company; (b) the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inven□ons" means any and all inven□ons, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or por□ons thereof, databases, trade secrets and proprietary informa□on, documenta□on, and materials made, created, conceived or reduced to prac□ce by you, whether alone or jointly with others.

a. Your Rights in Inven□ons

(i) Prior Inven□ons. In the space provided below, or on a separate sheet a□ached to this Agreement, you may list all Inven□ons (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or □tle in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inven□ons"). If you do list such Prior Inven□ons, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Inven□on that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementa□on of that por□on of the AWIP Product which infringes your Prior Inven□on, or (ii) you acquiesced or permi□ed other Company employees to u□lize your Prior Inven□on in the course of their development or implementa□on of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Inven□on you do not immediately no□fy in wri□ng the Company's Legal Department of the Company's infringing use of your Prior Inven□on and the need for a license thereto. If you do not list a Prior Inven□on, you acknowledge and agree that no such Prior Inven□ons exist and, to the extent such Prior Inven□ons do exist, you waive any and all rights or claims of ownership to such Prior Inven□ons. You understand that your lis□ng of any Prior Inven□on(s) here does not cons□tute an acknowledgment by the Company of the existence or extent of such Prior Inven□on, nor of your ownership of such Prior Inven□ons. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distribu□ng.

Prior Inven□ons (descrip□on and iden□fying number of patent, copyright, or patent or copyright applica□on, if applicable):

Title Date

Brief Descrip□on of Inven□on

☐ A separate sheet lis□ng Prior Inven□ons is a□ached.

(ii) Future Employee inven□ons. The Company acknowledges and agrees, in accordance with applicable state law, that any Inven□ons (a) that you develop en□rely on your own □me; and (b) that you develop without using the Company's equipment, supplies, facili□es, or trade secret informa□on; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the □me of concep□on or reduc□on to prac□ce, to the Company's business or products, or to the Company's actual or demonstrably an□cipated research or development, will be owned en□rely by you, even if developed by you during the □me period in which you are employed by the Company.

b. AWIP's Rights In Inven□ons

(i) Assignment of Inven□ons to AWIP. You agree that all Inven□ons that (a) are developed using the equipment, supplies, facili□es, or Proprietary Informa□on of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to prac□ce during your employment by the Company and relate to the business and products, or to the actual or demonstrably an□cipated research or development of the Company ("AWIP Inven□ons"), are the sole and exclusive property of AWIP, and you hereby assign all your right, □tle and interest in such AWIP Inven□ons to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full wri□en disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inven□ons, and provide access to all notes, materials, source code, or other items related to AWIP Inven□ons.

(iii) Assignment of Moral Rights to AWIP. In addi□on, to the extent permi□ed by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Inven□on(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of a□ribu□on (give credit to the author); and (2) the right of integrity in the AWIP Inven□on (not do something with an AWIP Inven□on, such as change or add to it, that would have a nega□ve impact on the author's reputa□on). You agree to waive and never to assert any such "moral" rights in AWIP Inven□ons during or after the cessa□on of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inven□ons when distributed. You also agree that the Company retains sole discre□on with regard to how and for what purposes, if any, such AWIP Inven□on(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, □tle and interest, including all intellectual property in and to works.

d. Protec□on of AWIP Inven□ons

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protec□ons for AWIP Inven□ons in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protec□ons.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a rela□onship of confidence and trust with respect to any informa□on of a confiden□al, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confiden□al informa□on of third par□es disclosed to the Company. Such confiden□al, proprietary, and secret informa□on includes, but is not limited to, informa□on and material rela□ng to past, present, or future Inven□ons, marke□ng plans, manufacturing and product plans, technical specifica□ons, hardware designs and prototypes, business strategies, financial informa□on, forecasts, personnel informa□on, processes, methods, algorithms, and customer lists, and is referred to collec□vely in this Agreement as "Proprietary Informa□on."

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a. Confiden□ality of Proprietary Informa□on. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Informa□on in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Informa□on without the wri□en consent of the Company, except as necessary to perform your du□es as an employee of the Company. Upon the cessa□on of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored informa□on, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored informa□on, materials or copies thereof, or maintain access to such documents, informa□on or materials, through online digital storage services, whether on paper, electronic media or storage devices, magne□c or op□cal media, or any other medium, containing any Proprietary Informa□on.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Informa□on of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confiden□al, or proprietary, or secret informa□on of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confiden□al, proprietary or secret informa□on of your former employer(s) or any other person(s) onto the Company's property or place any such informa□on on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflic□ng Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupa□ons, consul□ng or other business ac□vi□es or commitments compe□□ve with or directly related to the Company's business or products, or to its actual or demonstrably an□cipated research or development, nor will you engage in any other ac□vi□es that conflict with your employment obliga□ons to the Company. Ac□vi□es and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflic□ng Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your du□es as a Company employee or your obliga□ons under this Agreement, and you agree not to enter into any such conflic□ng agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to no□fy others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibili□es under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory posi□on, except for employees in a supervisory posi□on in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessa□on of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any ac□on intended to induce Company employees or contractors to terminate their rela□onship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to con□nued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of □me or interferes with or restricts your right or the Company's right to terminate your employment at any □me for any reason and with or without no□ce, or the Company's right to terminate your employment for just cause in accordance with the applicable collec□ve bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sec□ons 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sec□ons 1, 2 or 4 of this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addi□on to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

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8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall con□nue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitra□on or judicial ac□on between the par□es rela□ng to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdic□on of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representa□ves, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obliga□ons hereunder to any successor en□ty to the Company by opera□on of law or otherwise.

d. En□re Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the en□re agreement between you and the Company rela□ng to the subject ma□er of this Agreement. No modifica□on to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effec□ve unless in wri□ng signed by both you and a Company officer. Any subsequent changes in your du□es, salary or compensa□on will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regula□ons of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

___/s/ M. SUSAN HARDWICK_____
Employee Signature

__8/1/24_____
Date

___M. Susan Hardwick_____
Employee Name (Print)

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Exhibit 10.4

August 1, 2024

Mr. John Griffith
[REDACTED]
[REDACTED]

Dear John:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new posi□on of President repor□ng to M. Susan Hardwick, Chief Execu□ve Officer, at our Camden, New Jersey headquarters office. The effec□ve date of your new posi□on is August 1, 2024. We are confident that you will find your new posi□on to be personally rewarding and one in which you can make significant contribu□ons to the company. ***The terms of and compensa on described in this offer le er are subject to the recommenda on of the Execu ve Development & Compensa on Commi ee (ED&CC) and the approval of the independent members of the Board of Directors and will not be effec ve un l such approvals are received.***

Safety, trust, teamwork, high performance, and environmental leadership define our culture – a culture where every employee feels valued and lives up to his or her poten□al. Crea□ng an environment where differences are embraced and where every person feels engaged and included makes us safer, stronger, and more successful. We believe that our success is based upon our employees having a vested interest in our business. As a part of our team, you will be tasked with helping make a great company even be□er – in doing so, you will be rewarded for your contribu□ons. The following is our offer to you:

Base Salary: Your new annual salary will be approximately $950,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll prac□ces and will be effec□ve August 1, 2024. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2025.

APP: Your target award eligibility will remain at 100%. For reference purposes, the 2024 cycle covers the period beginning on 01/01/2024 through 12/31/2024 and target awards are prorated based on your effec□ve date. Awards from the Annual Performance Plan are based on several company performance objec□ves, and payments may be higher or lower than target.

LTPP: You remain eligible to receive a performance award under the 2024 American Water Long Term Performance Plan and your target opportunity under this plan will increase to 340% of your base salary. Effec□ve August 1, 2024, you will receive a second set of grants that reflects the difference between your February 2024 grants and the grant amount based on your new base salary and LTPP target percentage.

For reference purposes, awards are currently granted under the terms and condi□ons of the Company's 2017 Omnibus Equity Compensa□on Plan (the "Plan"), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer le□er and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vaca□on accrual. This change in your posi□on is not an IRS Qualified Life Event allowing you to change your American Water benefit elec□ons, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elec□ons to see how this transi□on impacts your coverage (e.g., company paid life insurance amount, HSA elec□on, 401(k) paycheck elec□on, beneficiary designa□ons, etc.).

In addi□on to the benefits you currently hold, American Water believes your health is of cri□cal importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Execu□ve Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnos□c screenings, extensive laboratory tes□ng, and ongoing coaching and support. Addi□onal services are available throughout the year, including voluntary primary care services.

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Non-Qualified Deferred Compensa on: You will remain eligible to par cipate in our Non-Qualified Deferred Compensa on Plan. The Company may make Employer Matching and Defined Contribu on Account contribu ons as soon as administra vely prac cable after the end of the applicable plan year. Under the Non-Qualified Deferred Compensa on Plan, Employer Matching contribu ons are immediately vested; Defined Contribu on Account contribu ons will vest after five years of service.

As you will con nue to be a Sec on 16 officer of the Company, American Water may be required to disclose your compensa on and/or this offer le er in an SEC filing. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your posi on.

We wish you the best of luck in your new role and future opportuni es with American Water!

Sincerely,

M. Susan Hardwick
Chief Execu ve Officer
American Water

cc: Melanie Kennedy, Execu ve Vice President, Chief Human Resources Officer

I, John Griffith, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any par cular job for any specified period of me. The Company or I may terminate my employment at any me, for any or no reason, with or without cause.

___/s/ JOHN GRIFFITH_____7/31/24__
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confiden□ality Policy and Agreement ("Confiden□ality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confiden□al and propriety informa□on and trade secrets. You acknowledge and agree that you are signing this Confiden□ality Agreement for good and adequate considera□on including your employment by or con□nuing employment by American Water or one of its subsidiaries (collec□vely, the "Company"); the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits. You further acknowledge that this Confiden□ally Agreement is in addi□on to exis□ng American Water policies addressing the handling of sensi□ve informa□on, cyber and informa□on security.

The Company's Confiden□ality Policy

The protec□on of confiden□al business informa□on and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confiden□al informa□on including, without limita□on: all informa□on about markets, key personnel, opera□onal methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid informa□on, manuals, books, training materials, forms and procedures, policies, customer or prospec□ve customer lists, customer-related data, marke□ng plans and strategies, financial informa□on, technical informa□on, technical processes and methods, algorithms, documents rela□ng to any of the foregoing, and other wri□en and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collec□vely, "Confiden□al Informa□on"). Confiden□al Informa□on includes all forms and types of financial, business, scien□fic, technical, economic, or engineering informa□on, including pa□erns, plans, compila□ons, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in wri□ng if -- (A) the Company has taken reasonable measures to keep such informa□on secret; and (B) the informa□on derives independent economic value, actual or poten□al, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the informa□on. Confiden□al Informa□on may also be "material, non-public informa□on" as defined by federal securi□es laws and Company policy, both of which prohibit insider trading. Confiden□al Informa□on may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analy□c models. Confiden□al Informa□on is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confiden□al Informa□on must be protected as confiden□al and not copied, disclosed or used, directly or indirectly, at any □me, other than for the Company's benefit (to the extent permi□ed by law), unless and un□l such knowledge or informa□on is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such en□□es who need to know), publish or make use of any Confiden□al Informa□on without the Company's express prior wri□en consent; provided, however, that nothing shall prohibit or restrict an employee from par□cipa□ng, coopera□ng, or tes□fying in any ac□on, inves□ga□on, or proceeding with, or providing informa□on to, any governmental agency or legisla□ve body, or any self-regulatory organiza□on (collec□vely, the "Regulators"). Employees may engage in such ac□vi□es with the Regulators without no□fying or obtaining prior authoriza□on from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental en□ty related to a suspected viola□on of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confiden□al or proprietary informa□on as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an a□orney and solely for the purpose of repor□ng or inves□ga□ng a suspected viola□on of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confiden□al Informa□on to his or her a□orney and may use the trade secret or Confiden□al Informa□on in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or

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Confiden□al Informa□on at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confiden□al Informa□on except as required by court order.

Following the cessa□on of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confiden□al Informa□on, and they shall not misappropriate, u□lize, disclose or infringe upon the Confiden□al Informa□on of the Company or any of its affiliates (including the recrea□on or reconstruc□on of Confiden□al Informa□on from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confiden□al or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composi□on or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in wri□ng. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confiden□al Informa□on would not interrupt the legi□mate business opera□ons of the employee; and (iii) an injunc□on would not prevent the employee from entering into an employment rela□onship. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpreta□on, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with ques□ons regarding this Confiden□ality Agreement or the Company's Confiden□ality Policy including ques□ons regarding whether any par□cular informa□on cons□tutes "Confiden□al Informa□on," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confiden□al Informa□on may be subject to disciplinary ac□on, up to and including termina□on of employment, as well as legal ac□on, even if the employee does not actually benefit from the disclosed informa□on.

You acknowledge that you (a) have carefully read and considered the provisions of this Confiden□ality Agreement and the Company's Confiden□ality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confiden□ality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

__/s/ JOHN GRIFFITH_____
Employee Signature

__John Griffith_____
Employee Name (Print)

__7/31/24_____
Date

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This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inven□ons you may make or works you may create in connec□on with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collec□vely, the "Company") and your treatment of the Company's confiden□al and proprietary informa□on. You acknowledge and agree that you are signing this Agreement for good and adequate considera□on including (a) your employment by or con□nuing employment by the Company; (b) the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inven□ons" means any and all inven□ons, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or por□ons thereof, databases, trade secrets and proprietary informa□on, documenta□on, and materials made, created, conceived or reduced to prac□ce by you, whether alone or jointly with others.

a. Your Rights in Inven□ons

(i) Prior Inven□ons. In the space provided below, or on a separate sheet a□ached to this Agreement, you may list all Inven□ons (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or □tle in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inven□ons"). If you do list such Prior Inven□ons, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Inven□on that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementa□on of that por□on of the AWIP Product which infringes your Prior Inven□on, or (ii) you acquiesced or permi□ed other Company employees to u□lize your Prior Inven□on in the course of their development or implementa□on of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Inven□on you do not immediately no□fy in wri□ng the Company's Legal Department of the Company's infringing use of your Prior Inven□on and the need for a license thereto. If you do not list a Prior Inven□on, you acknowledge and agree that no such Prior Inven□ons exist and, to the extent such Prior Inven□ons do exist, you waive any and all rights or claims of ownership to such Prior Inven□ons. You understand that your lis□ng of any Prior Inven□on(s) here does not cons□tute an acknowledgment by the Company of the existence or extent of such Prior Inven□on, nor of your ownership of such Prior Inven□ons. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distribu□ng.

Prior Inven□ons (descrip□on and iden□fying number of patent, copyright, or patent or copyright applica□on, if applicable):

Title Date

Brief Descrip□on of Inven□on

☐ A separate sheet lis□ng Prior Inven□ons is a□ached.

(ii) Future Employee inven□ons. The Company acknowledges and agrees, in accordance with applicable state law, that any Inven□ons (a) that you develop en□rely on your own □me; and (b) that you develop without using the Company's equipment, supplies, facili□es, or trade secret informa□on; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the □me of concep□on or reduc□on to prac□ce, to the Company's business or products, or to the Company's actual or demonstrably an□cipated research or development, will be owned en□rely by you, even if developed by you during the □me period in which you are employed by the Company.

b. AWIP's Rights In Inven□ons

(i) Assignment of Inven□ons to AWIP. You agree that all Inven□ons that (a) are developed using the equipment, supplies, facili□es, or Proprietary Informa□on of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to prac□ce during your employment by the Company and relate to the business and products, or to the actual or demonstrably an□cipated research or development of the Company ("AWIP Inven□ons"), are the sole and exclusive property of AWIP, and you hereby assign all your right, □tle and interest in such AWIP Inven□ons to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full wri□en disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inven□ons, and provide access to all notes, materials, source code, or other items related to AWIP Inven□ons.

(iii) Assignment of Moral Rights to AWIP. In addi□on, to the extent permi□ed by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Inven□on(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of a□ribu□on (give credit to the author); and (2) the right of integrity in the AWIP Inven□on (not do something with an AWIP Inven□on, such as change or add to it, that would have a nega□ve impact on the author's reputa□on). You agree to waive and never to assert any such "moral" rights in AWIP Inven□ons during or after the cessa□on of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inven□ons when distributed. You also agree that the Company retains sole discre□on with regard to how and for what purposes, if any, such AWIP Inven□on(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, □tle and interest, including all intellectual property in and to works.

d. Protec□on of AWIP Inven□ons

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protec□ons for AWIP Inven□ons in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protec□ons.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a rela□onship of confidence and trust with respect to any informa□on of a confiden□al, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confiden□al informa□on of third par□es disclosed to the Company. Such confiden□al, proprietary, and secret informa□on includes, but is not limited to, informa□on and material rela□ng to past, present, or future Inven□ons, marke□ng plans, manufacturing and product plans, technical specifica□ons, hardware designs and prototypes, business strategies, financial informa□on, forecasts, personnel informa□on, processes, methods, algorithms, and customer lists, and is referred to collec□vely in this Agreement as "Proprietary Informa□on."

a. Confiden□ality of Proprietary Informa□on. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Informa□on in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Informa□on without the wri□en consent of the Company, except as necessary to perform your du□es as an employee of the Company. Upon the cessa□on of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored informa□on, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored informa□on, materials or copies thereof, or maintain access to such documents, informa□on or materials, through online digital storage services, whether on paper, electronic media or storage devices, magne□c or op□cal media, or any other medium, containing any Proprietary Informa□on.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Informa□on of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confiden□al, or proprietary, or secret informa□on of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confiden□al, proprietary or secret informa□on of your former employer(s) or any other person(s) onto the Company's property or place any such informa□on on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflic□ng Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupa□ons, consul□ng or other business ac□vi□es or commitments compe□□ve with or directly related to the Company's business or products, or to its actual or demonstrably an□cipated research or development, nor will you engage in any other ac□vi□es that conflict with your employment obliga□ons to the Company. Ac□vi□es and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflic□ng Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your du□es as a Company employee or your obliga□ons under this Agreement, and you agree not to enter into any such conflic□ng agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to no□fy others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibili□es under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory posi□on, except for employees in a supervisory posi□on in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessa□on of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any ac□on intended to induce Company employees or contractors to terminate their rela□onship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to con□nued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of □me or interferes with or restricts your right or the Company's right to terminate your employment at any □me for any reason and with or without no□ce, or the Company's right to terminate your employment for just cause in accordance with the applicable collec□ve bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sec□ons 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sec□ons 1, 2 or 4 of this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addi□on to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall con□nue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitra□on or judicial ac□on between the par□es rela□ng to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdic□on of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representa□ves, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obliga□ons hereunder to any successor en□ty to the Company by opera□on of law or otherwise.

d. En□re Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the en□re agreement between you and the Company rela□ng to the subject ma□er of this Agreement. No modifica□on to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effec□ve unless in wri□ng signed by both you and a Company officer. Any subsequent changes in your du□es, salary or compensa□on will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regula□ons of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

/s/ JOHN GRIFFITH
Employee Signature

7/31/24
Date

John Griffith
Employee Name (Print)

Exhibit 10.5

August 1, 2024

Mr. David Bowler
[REDACTED]
[REDACTED]

Dear David:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new posi□on of Execu□ve Vice President and Chief Financial Officer repor□ng to John Griffith, President, at our Camden, New Jersey headquarters office. The effec□ve date of your new posi□on is August 1, 2024. We are confident that you will find your new posi□on to be personally rewarding and one in which you can make significant contribu□ons to the company. ***The compensa on described in this offer le er is subject to the approval of the Execu ve Development & Compensa on Commi ee (ED&CC) and will not be effec ve un l the ED&CC approves such compensa on, and the independent members of the Board of Directors approve this offer le er a er recommenda on by the ED&CC.***

Safety, trust, teamwork, high performance, and environmental leadership define our culture – a culture where every employee feels valued and lives up to his or her poten□al. Crea□ng an environment where differences are embraced and where every person feels engaged and included makes us safer, stronger, and more successful. We believe that our success is based upon our employees having a vested interest in our business. As a part of our team, you will be tasked with helping make a great company even be□er – in doing so, you will be rewarded for your contribu□ons. The following is our offer to you:

Base Salary: Your new annual salary will be approximately $550,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll prac□ces and will be effec□ve August 1, 2024. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2025.

APP: Your target award eligibility previously at 50% will change to 80% of your annual base salary. For reference purposes, the 2024 cycle covers the period beginning on 01/01/2024 through 12/31/2024 and target awards are prorated based on your effec□ve date. Awards from the Annual Performance Plan are based on several company performance objec□ves, and payments may be higher or lower than target.

LTPP: You remain eligible to receive a performance award under the 2024 American Water Long Term Performance Plan and your target opportunity under this plan will increase to 160% of your base salary. Effec□ve August 1, 2024, you will receive a second set of grants that reflects the difference between your February 2024 grants and the grant amount based on your new base salary and LTPP target percentage.

For reference purposes, awards are currently granted under the terms and condi□ons of the Company's 2017 Omnibus Equity Compensa□on Plan (the "Plan"), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer le□er and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vaca□on accrual. This change in your posi□on is not an IRS Qualified Life Event allowing you to change your American Water benefit elec□ons, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elec□ons to see how this transi□on impacts your coverage (e.g., company paid life insurance amount, HSA elec□on, 401(k) paycheck elec□on, beneficiary designa□ons, etc.).

In addi□on to the benefits you currently hold, American Water believes your health is of cri□cal importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Execu□ve Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnos□c screenings, extensive laboratory tes□ng, and ongoing coaching and support. Addi□onal services are available throughout the year, including voluntary primary care services.

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Non-Qualified Deferred Compensa on: You will remain eligible to par cipate in our Non-Qualified Deferred Compensa on Plan. The Company may make Employer Matching and Defined Contribu on Account contribu ons as soon as administra vely prac cable after the end of the applicable plan year. Under the Non-Qualified Deferred Compensa on Plan, Employer Matching contribu ons are immediately vested; Defined Contribu on Account contribu ons will vest after five years of service.

As you will be a Sec on 16 officer of the Company, American Water may be required to disclose your compensa on and/or this offer le er in an SEC filing. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your posi on.

We wish you the best of luck in your new role and future opportuni es with American Water!

Sincerely,

M. Susan Hardwick
Chief Execu ve Officer
American Water

cc: Melanie Kennedy, Execu ve Vice President, Chief Human Resources Officer

I, David Bowler, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any par cular job for any specified period of me. The Company or I may terminate my employment at any me, for any or no reason, with or without cause.

__/s/ DAVID M. BOWLER_____ 7/31/2024_____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confiden□ality Policy and Agreement ("Confiden□ality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confiden□al and propriety informa□on and trade secrets. You acknowledge and agree that you are signing this Confiden□ality Agreement for good and adequate considera□on including your employment by or con□nuing employment by American Water or one of its subsidiaries (collec□vely, the "Company"); the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits. You further acknowledge that this Confiden□ally Agreement is in addi□on to exis□ng American Water policies addressing the handling of sensi□ve informa□on, cyber and informa□on security.

The Company's Confiden□ality Policy

The protec□on of confiden□al business informa□on and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confiden□al informa□on including, without limita□on: all informa□on about markets, key personnel, opera□onal methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid informa□on, manuals, books, training materials, forms and procedures, policies, customer or prospec□ve customer lists, customer-related data, marke□ng plans and strategies, financial informa□on, technical informa□on, technical processes and methods, algorithms, documents rela□ng to any of the foregoing, and other wri□en and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collec□vely, "Confiden□al Informa□on"). Confiden□al Informa□on includes all forms and types of financial, business, scien□fic, technical, economic, or engineering informa□on, including pa□erns, plans, compila□ons, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in wri□ng if -- (A) the Company has taken reasonable measures to keep such informa□on secret; and (B) the informa□on derives independent economic value, actual or poten□al, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the informa□on. Confiden□al Informa□on may also be "material, non-public informa□on" as defined by federal securi□es laws and Company policy, both of which prohibit insider trading. Confiden□al Informa□on may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analy□c models. Confiden□al Informa□on is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confiden□al Informa□on must be protected as confiden□al and not copied, disclosed or used, directly or indirectly, at any □me, other than for the Company's benefit (to the extent permi□ed by law), unless and un□l such knowledge or informa□on is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such en□□es who need to know), publish or make use of any Confiden□al Informa□on without the Company's express prior wri□en consent; provided, however, that nothing shall prohibit or restrict an employee from par□cipa□ng, coopera□ng, or tes□fying in any ac□on, inves□ga□on, or proceeding with, or providing informa□on to, any governmental agency or legisla□ve body, or any self-regulatory organiza□on (collec□vely, the "Regulators"). Employees may engage in such ac□vi□es with the Regulators without no□fying or obtaining prior authoriza□on from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental en□ty related to a suspected viola□on of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confiden□al or proprietary informa□on as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an a□orney and solely for the purpose of repor□ng or inves□ga□ng a suspected viola□on of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confiden□al Informa□on to his or her a□orney and may use the trade secret or Confiden□al Informa□on in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or

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Confiden□al Informa□on at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confiden□al Informa□on except as required by court order.

Following the cessa□on of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confiden□al Informa□on, and they shall not misappropriate, u□lize, disclose or infringe upon the Confiden□al Informa□on of the Company or any of its affiliates (including the recrea□on or reconstruc□on of Confiden□al Informa□on from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confiden□al or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composi□on or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in wri□ng. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confiden□al Informa□on would not interrupt the legi□mate business opera□ons of the employee; and (iii) an injunc□on would not prevent the employee from entering into an employment rela□onship. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpreta□on, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with ques□ons regarding this Confiden□ality Agreement or the Company's Confiden□ality Policy including ques□ons regarding whether any par□cular informa□on cons□tutes "Confiden□al Informa□on," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confiden□al Informa□on may be subject to disciplinary ac□on, up to and including termina□on of employment, as well as legal ac□on, even if the employee does not actually benefit from the disclosed informa□on.

You acknowledge that you (a) have carefully read and considered the provisions of this Confiden□ality Agreement and the Company's Confiden□ality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confiden□ality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

/s/ DAVID M. BOWLER
Employee Signature

David M. Bowler
Employee Name (Print)

7/31/2024
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inven□ons you may make or works you may create in connec□on with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collec□vely, the "Company") and your treatment of the Company's confiden□al and proprietary informa□on. You acknowledge and agree that you are signing this Agreement for good and adequate considera□on including (a) your employment by or con□nuing employment by the Company; (b) the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inven□ons" means any and all inven□ons, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or por□ons thereof, databases, trade secrets and proprietary informa□on, documenta□on, and materials made, created, conceived or reduced to prac□ce by you, whether alone or jointly with others.

a. Your Rights in Inven□ons

(i) Prior Inven□ons. In the space provided below, or on a separate sheet a□ached to this Agreement, you may list all Inven□ons (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or □tle in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inven□ons"). If you do list such Prior Inven□ons, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Inven□on that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementa□on of that por□on of the AWIP Product which infringes your Prior Inven□on, or (ii) you acquiesced or permi□ed other Company employees to u□lize your Prior Inven□on in the course of their development or implementa□on of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Inven□on you do not immediately no□fy in wri□ng the Company's Legal Department of the Company's infringing use of your Prior Inven□on and the need for a license thereto. If you do not list a Prior Inven□on, you acknowledge and agree that no such Prior Inven□ons exist and, to the extent such Prior Inven□ons do exist, you waive any and all rights or claims of ownership to such Prior Inven□ons. You understand that your lis□ng of any Prior Inven□on(s) here does not cons□tute an acknowledgment by the Company of the existence or extent of such Prior Inven□on, nor of your ownership of such Prior Inven□ons. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distribu□ng.

Prior Inven□ons (descrip□on and iden□fying number of patent, copyright, or patent or copyright applica□on, if applicable):

Title Date

Brief Descrip□on of Inven□on

☐ A separate sheet lis□ng Prior Inven□ons is a□ached.

(ii) Future Employee inven□ons. The Company acknowledges and agrees, in accordance with applicable state law, that any Inven□ons (a) that you develop en□rely on your own □me; and (b) that you develop without using the Company's equipment, supplies, facili□es, or trade secret informa□on; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the □me of concep□on or reduc□on to prac□ce, to the Company's business or products, or to the Company's actual or demonstrably an□cipated research or development, will be owned en□rely by you, even if developed by you during the □me period in which you are employed by the Company.

b. AWIP's Rights In Inven□ons

(i) Assignment of Inven□ons to AWIP. You agree that all Inven□ons that (a) are developed using the equipment, supplies, facili□es, or Proprietary Informa□on of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to prac□ce during your employment by the Company and relate to the business and products, or to the actual or demonstrably an□cipated research or development of the Company ("AWIP Inven□ons"), are the sole and exclusive property of AWIP, and you hereby assign all your right, □tle and interest in such AWIP Inven□ons to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full wri□en disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inven□ons, and provide access to all notes, materials, source code, or other items related to AWIP Inven□ons.

(iii) Assignment of Moral Rights to AWIP. In addi□on, to the extent permi□ed by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Inven□on(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of a□ribu□on (give credit to the author); and (2) the right of integrity in the AWIP Inven□on (not do something with an AWIP Inven□on, such as change or add to it, that would have a nega□ve impact on the author's reputa□on). You agree to waive and never to assert any such "moral" rights in AWIP Inven□ons during or after the cessa□on of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inven□ons when distributed. You also agree that the Company retains sole discre□on with regard to how and for what purposes, if any, such AWIP Inven□on(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, □tle and interest, including all intellectual property in and to works.

d. Protec□on of AWIP Inven□ons

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protec□ons for AWIP Inven□ons in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protec□ons.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a rela□onship of confidence and trust with respect to any informa□on of a confiden□al, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confiden□al informa□on of third par□es disclosed to the Company. Such confiden□al, proprietary, and secret informa□on includes, but is not limited to, informa□on and material rela□ng to past, present, or future Inven□ons, marke□ng plans, manufacturing and product plans, technical specifica□ons, hardware designs and prototypes, business strategies, financial informa□on, forecasts, personnel informa□on, processes, methods, algorithms, and customer lists, and is referred to collec□vely in this Agreement as "Proprietary Informa□on."

a. Confiden□ality of Proprietary Informa□on. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Informa□on in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Informa□on without the wri□en consent of the Company, except as necessary to perform your du□es as an employee of the Company. Upon the cessa□on of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored informa□on, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored informa□on, materials or copies thereof, or maintain access to such documents, informa□on or materials, through online digital storage services, whether on paper, electronic media or storage devices, magne□c or op□cal media, or any other medium, containing any Proprietary Informa□on.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Informa□on of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confiden□al, or proprietary, or secret informa□on of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confiden□al, proprietary or secret informa□on of your former employer(s) or any other person(s) onto the Company's property or place any such informa□on on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflic□ng Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupa□ons, consul□ng or other business ac□vi□es or commitments compe□□ve with or directly related to the Company's business or products, or to its actual or demonstrably an□cipated research or development, nor will you engage in any other ac□vi□es that conflict with your employment obliga□ons to the Company. Ac□vi□es and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflic□ng Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your du□es as a Company employee or your obliga□ons under this Agreement, and you agree not to enter into any such conflic□ng agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to no□fy others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibili□es under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory posi□on, except for employees in a supervisory posi□on in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessa□on of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any ac□on intended to induce Company employees or contractors to terminate their rela□onship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to con□nued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of □me or interferes with or restricts your right or the Company's right to terminate your employment at any □me for any reason and with or without no□ce, or the Company's right to terminate your employment for just cause in accordance with the applicable collec□ve bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sec□ons 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sec□ons 1, 2 or 4 of this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addi□on to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a

preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall con□nue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitra□on or judicial ac□on between the par□es rela□ng to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdic□on of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representa□ves, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obliga□ons hereunder to any successor en□ty to the Company by opera□on of law or otherwise.

d. En□re Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the en□re agreement between you and the Company rela□ng to the subject ma□er of this Agreement. No modifica□on to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effec□ve unless in wri□ng signed by both you and a Company officer. Any subsequent changes in your du□es, salary or compensa□on will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regula□ons of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

__/s/ DAVID M. BOWLER_____
Employee Signature

_7/31/2024_____
Date

__David M. Bowler_____
Employee Name (Print)

Exhibit 10.6

August 1, 2024

Ms. Stacy Mitchell
[REDACTED]
[REDACTED]

Dear Stacy:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your posi□on of Execu□ve Vice President and General Counsel repor□ng to John Griffith, President, at our Camden, New Jersey headquarters office. The effec□ve date of your new posi□on was Wednesday, June 5, 2024. We are confident that you will find your new posi□on to be personally rewarding and one in which you can make significant contribu□ons to the company. ***The terms of and compensa on described in this offer le er are subject to the approval of the Execu ve Development & Compensa on Commi ee (ED&CC) and will not be effec ve un l the ED&CC approves it.***

Safety, trust, teamwork, high performance, and environmental leadership define our culture – a culture where every employee feels valued and lives up to his or her poten□al. Crea□ng an environment where differences are embraced and where every person feels engaged and included makes us safer, stronger, and more successful. We believe that our success is based upon our employees having a vested interest in our business. As a part of our team, you will be tasked with helping make a great company even be□er – in doing so, you will be rewarded for your contribu□ons. The following is our offer to you:

Base Salary: Your new annual salary will be approximately $550,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll prac□ces and will be paid retroac□ve to the effec□ve date of your new posi□on. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2025.

APP: Your target award eligibility previously at 50% will change to 70% of your annual base salary. For reference purposes, the 2024 cycle covers the period beginning on 01/01/2024 through 12/31/2024 and target awards are prorated based on your effec□ve date. Awards from the Annual Performance Plan are based on several company performance objec□ves, and payments may be higher or lower than target.

LTPP: You remain eligible to receive a performance award under the 2024 American Water Long Term Performance Plan and your target opportunity under this plan will increase to 150% of your base salary. Effec□ve August 1, 2024, you will receive a second set of grants that reflects the difference between your February 2024 grants and the grant amount based on your new base salary and LTPP target percentage.

For reference purposes, awards are currently granted under the terms and condi□ons of the Company's 2017 Omnibus Equity Compensa□on Plan (the "Plan"), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer le□er and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vaca□on accrual. This change in your posi□on is not an IRS Qualified Life Event allowing you to change your American Water benefit elec□ons, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elec□ons to see how this transi□on impacts your coverage (e.g., company paid life insurance amount, HSA elec□on, 401(k) paycheck elec□on, beneficiary designa□ons, etc.).

In addi□on to the benefits you currently hold, American Water believes your health is of cri□cal importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Execu□ve Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnos□c screenings, extensive laboratory tes□ng, and ongoing coaching and support. Addi□onal services are available throughout the year, including voluntary primary care services.

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Ms. Stacy Mitchell
August 1, 2024
Page 2

Non-Qualified Deferred Compensa on: You will remain eligible to par cipate in our Non-Qualified Deferred Compensa on Plan. The Company may make Employer Matching and Defined Contribu on Account contribu ons as soon as administra vely prac cable after the end of the applicable plan year. Under the Non-Qualified Deferred Compensa on Plan, Employer Matching contribu ons are immediately vested; Defined Contribu on Account contribu ons will vest after five years of service.

As you will be a Sec on 16 officer of the Company, American Water may be required to disclose your compensa on and/or this offer le er in an SEC filing. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your posi on.

We wish you the best of luck in your new role and future opportuni es with American Water!

Sincerely,

M. Susan Hardwick
Chief Execu ve Officer
American Water

cc: Melanie Kennedy, Execu ve Vice President, Chief Human Resources Officer

I, Stacy Mitchell, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any par cular job for any specified period of me. The Company or I may terminate my employment at any me, for any or no reason, with or without cause.

/s/ STACY MITCHELL 8/1/24
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confiden□ality Policy and Agreement ("Confiden□ality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confiden□al and propriety informa□on and trade secrets. You acknowledge and agree that you are signing this Confiden□ality Agreement for good and adequate considera□on including your employment by or con□nuing employment by American Water or one of its subsidiaries (collec□vely, the "Company"); the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits. You further acknowledge that this Confiden□ally Agreement is in addi□on to exis□ng American Water policies addressing the handling of sensi□ve informa□on, cyber and informa□on security.

The Company's Confiden□ality Policy

The protec□on of confiden□al business informa□on and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confiden□al informa□on including, without limita□on: all informa□on about markets, key personnel, opera□onal methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid informa□on, manuals, books, training materials, forms and procedures, policies, customer or prospec□ve customer lists, customer-related data, marke□ng plans and strategies, financial informa□on, technical informa□on, technical processes and methods, algorithms, documents rela□ng to any of the foregoing, and other wri□en and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collec□vely, "Confiden□al Informa□on"). Confiden□al Informa□on includes all forms and types of financial, business, scien□fic, technical, economic, or engineering informa□on, including pa□erns, plans, compila□ons, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in wri□ng if -- (A) the Company has taken reasonable measures to keep such informa□on secret; and (B) the informa□on derives independent economic value, actual or poten□al, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the informa□on. Confiden□al Informa□on may also be "material, non-public informa□on" as defined by federal securi□es laws and Company policy, both of which prohibit insider trading. Confiden□al Informa□on may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analy□c models. Confiden□al Informa□on is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confiden□al Informa□on must be protected as confiden□al and not copied, disclosed or used, directly or indirectly, at any □me, other than for the Company's benefit (to the extent permi□ed by law), unless and un□l such knowledge or informa□on is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such en□□es who need to know), publish or make use of any Confiden□al Informa□on without the Company's express prior wri□en consent; provided, however, that nothing shall prohibit or restrict an employee from par□cipa□ng, coopera□ng, or tes□fying in any ac□on, inves□ga□on, or proceeding with, or providing informa□on to, any governmental agency or legisla□ve body, or any self-regulatory organiza□on (collec□vely, the "Regulators"). Employees may engage in such ac□vi□es with the Regulators without no□fying or obtaining prior authoriza□on from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental en□ty related to a suspected viola□on of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confiden□al or proprietary informa□on as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an a□orney and solely for the purpose of repor□ng or inves□ga□ng a suspected viola□on of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confiden□al Informa□on to his or her a□orney and may use the trade secret or Confiden□al Informa□on in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or

AMERICAN WATER

Confiden□al Informa□on at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confiden□al Informa□on except as required by court order.

Following the cessa□on of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confiden□al Informa□on, and they shall not misappropriate, u□lize, disclose or infringe upon the Confiden□al Informa□on of the Company or any of its affiliates (including the recrea□on or reconstruc□on of Confiden□al Informa□on from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confiden□al or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composi□on or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in wri□ng. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confiden□al Informa□on would not interrupt the legi□mate business opera□ons of the employee; and (iii) an injunc□on would not prevent the employee from entering into an employment rela□onship. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpreta□on, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with ques□ons regarding this Confiden□ality Agreement or the Company's Confiden□ality Policy including ques□ons regarding whether any par□cular informa□on cons□tutes "Confiden□al Informa□on," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confiden□al Informa□on may be subject to disciplinary ac□on, up to and including termina□on of employment, as well as legal ac□on, even if the employee does not actually benefit from the disclosed informa□on.

You acknowledge that you (a) have carefully read and considered the provisions of this Confiden□ality Agreement and the Company's Confiden□ality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confiden□ality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

/s/ STACY MITCHELL
Employee Signature

Stacy Mitchell
Employee Name (Print)

8/1/24
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inven□ons you may make or works you may create in connec□on with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collec□vely, the "Company") and your treatment of the Company's confiden□al and proprietary informa□on. You acknowledge and agree that you are signing this Agreement for good and adequate considera□on including (a) your employment by or con□nuing employment by the Company; (b) the access that the Company is providing you to certain confiden□al and proprietary informa□on and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportuni□es, considera□on and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inven□ons" means any and all inven□ons, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or por□ons thereof, databases, trade secrets and proprietary informa□on, documenta□on, and materials made, created, conceived or reduced to prac□ce by you, whether alone or jointly with others.

a. Your Rights in Inven□ons

(i) Prior Inven□ons. In the space provided below, or on a separate sheet a□ached to this Agreement, you may list all Inven□ons (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or □tle in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inven□ons"). If you do list such Prior Inven□ons, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Inven□on that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementa□on of that por□on of the AWIP Product which infringes your Prior Inven□on, or (ii) you acquiesced or permi□ed other Company employees to u□lize your Prior Inven□on in the course of their development or implementa□on of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Inven□on you do not immediately no□fy in wri□ng the Company's Legal Department of the Company's infringing use of your Prior Inven□on and the need for a license thereto. If you do not list a Prior Inven□on, you acknowledge and agree that no such Prior Inven□ons exist and, to the extent such Prior Inven□ons do exist, you waive any and all rights or claims of ownership to such Prior Inven□ons. You understand that your lis□ng of any Prior Inven□on(s) here does not cons□tute an acknowledgment by the Company of the existence or extent of such Prior Inven□on, nor of your ownership of such Prior Inven□ons. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distribu□ng.

Prior Inven□ons (descrip□on and iden□fying number of patent, copyright, or patent or copyright applica□on, if applicable):

Title Date

Brief Descrip□on of Inven□on

☐ A separate sheet lis□ng Prior Inven□ons is a□ached.

(ii) Future Employee inven□ons. The Company acknowledges and agrees, in accordance with applicable state law, that any Inven□ons (a) that you develop en□rely on your own □me; and (b) that you develop without using the Company's equipment, supplies, facili□es, or trade secret informa□on; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the □me of concep□on or reduc□on to prac□ce, to the Company's business or products, or to the Company's actual or demonstrably an□cipated research or development, will be owned en□rely by you, even if developed by you during the □me period in which you are employed by the Company.

b. AWIP's Rights In Inven□ons

(i) Assignment of Inven□ons to AWIP. You agree that all Inven□ons that (a) are developed using the equipment, supplies, facili□es, or Proprietary Informa□on of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to prac□ce during your employment by the Company and relate to the business and products, or to the actual or demonstrably an□cipated research or development of the Company ("AWIP Inven□ons"), are the sole and exclusive property of AWIP, and you hereby assign all your right, □tle and interest in such AWIP Inven□ons to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full wri□en disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inven□ons, and provide access to all notes, materials, source code, or other items related to AWIP Inven□ons.

(iii) Assignment of Moral Rights to AWIP. In addi□on, to the extent permi□ed by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Inven□on(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of a□ribu□on (give credit to the author); and (2) the right of integrity in the AWIP Inven□on (not do something with an AWIP Inven□on, such as change or add to it, that would have a nega□ve impact on the author's reputa□on). You agree to waive and never to assert any such "moral" rights in AWIP Inven□ons during or after the cessa□on of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inven□ons when distributed. You also agree that the Company retains sole discre□on with regard to how and for what purposes, if any, such AWIP Inven□on(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, □tle and interest, including all intellectual property in and to works.

d. Protec□on of AWIP Inven□ons

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protec□ons for AWIP Inven□ons in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protec□ons.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a rela□onship of confidence and trust with respect to any informa□on of a confiden□al, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confiden□al informa□on of third par□es disclosed to the Company. Such confiden□al, proprietary, and secret informa□on includes, but is not limited to, informa□on and material rela□ng to past, present, or future Inven□ons, marke□ng plans, manufacturing and product plans, technical specifica□ons, hardware designs and prototypes, business strategies, financial informa□on, forecasts, personnel informa□on, processes, methods, algorithms, and customer lists, and is referred to collec□vely in this Agreement as "Proprietary Informa□on."

a. Confiden□ality of Proprietary Informa□on. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Informa□on in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Informa□on without the wri□en consent of the Company, except as necessary to perform your du□es as an employee of the Company. Upon the cessa□on of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored informa□on, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored informa□on, materials or copies thereof, or maintain access to such documents, informa□on or materials, through online digital storage services, whether on paper, electronic media or storage devices, magne□c or op□cal media, or any other medium, containing any Proprietary Informa□on.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Informa□on of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confiden□al, or proprietary, or secret informa□on of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confiden□al, proprietary or secret informa□on of your former employer(s) or any other person(s) onto the Company's property or place any such informa□on on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflic□ng Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupa□ons, consul□ng or other business ac□vi□es or commitments compe□□ve with or directly related to the Company's business or products, or to its actual or demonstrably an□cipated research or development, nor will you engage in any other ac□vi□es that conflict with your employment obliga□ons to the Company. Ac□vi□es and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflic□ng Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your du□es as a Company employee or your obliga□ons under this Agreement, and you agree not to enter into any such conflic□ng agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to no□fy others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibili□es under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory posi□on, except for employees in a supervisory posi□on in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessa□on of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any ac□on intended to induce Company employees or contractors to terminate their rela□onship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to con□nued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of □me or interferes with or restricts your right or the Company's right to terminate your employment at any □me for any reason and with or without no□ce, or the Company's right to terminate your employment for just cause in accordance with the applicable collec□ve bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sec□ons 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sec□ons 1, 2 or 4 of this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addi□on to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a

preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall con□nue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitra□on or judicial ac□on between the par□es rela□ng to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdic□on of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representa□ves, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obliga□ons hereunder to any successor en□ty to the Company by opera□on of law or otherwise.

d. En□re Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the en□re agreement between you and the Company rela□ng to the subject ma□er of this Agreement. No modifica□on to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effec□ve unless in wri□ng signed by both you and a Company officer. Any subsequent changes in your du□es, salary or compensa□on will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regula□ons of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

__/s/ STACY MITCHELL_____
Employee Signature

__8/1/24_____
Date

__Stacy Mitchell_____
Employee Name (Print)

Exhibit 10.7

OMNIBUS AMENDMENT NO. 1 TO

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
2022, 2023 AND 2024 RESTRICTED STOCK UNIT GRANTS

This AMENDMENT NO. 1 hereby serves to amend certain outstanding RESTRICTED STOCK UNIT GRANTS to each of the participants in the Plan (as defined below) whose names are set forth on Exhibit A attached hereto (each, a "Participant"), and with such dates of grant (each, a "Date of Grant") as set forth on Exhibit A opposite each such Participant's name, and is delivered by American Water Works Company, Inc. (the "Company").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has granted to each Participant grants of Restricted Stock Units (each, a "Grant"), effective as of each Date of Grant as described above, for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, Section 14(b) of the Plan authorizes the Committee to permit the withholding of Company Stock to satisfy the Company's tax withholding obligations ("Tax Withholding Obligations") with respect to each Grant, at a withholding rate for federal (including FICA), state and local tax liabilities no greater than the maximum rate permitted by U.S. generally accepted accounting principles as applied to the Company (the "Maximum Withholding Rate"); and

WHEREAS, Section 15 of each Grant permits the withholding of Company Stock to satisfy Tax Withholding Obligations at a withholding rate that does not exceed the minimum applicable withholding tax rate for such tax liabilities; and

WHEREAS, Section 3(b) of the Plan permits the Committee, subject to certain limitations, to amend the terms and conditions of any previously issued Grant, and Section 11 of each Grant provides that (i) in the event of any contradictions, distinctions or differences between a Grant and the terms of the Plan, the terms of the Plan will control, and (ii) the Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the Plan, including, but not limited to, the rights and obligations of Participants with respect to withholding taxes; and

WHEREAS, in light of the contradictions, distinctions and differences between Section 14(b) of the Plan and Section 15 of each Grant, and to establish a determination of the rights and obligations of Participants with respect to withholding taxes that is consistent with the Plan, the Committee has approved, in accordance with Section 3(b) of the Plan, an amendment with respect to each Grant to permit the satisfaction of Tax Withholding Obligations by withholding Company Stock at a rate no greater than the Maximum Withholding Rate.

NOW, THEREFORE, the Committee has approved the amendment and modification of each Grant as follows:

1. Amendment to Provision of Grant Related to Tax Withholding Obligations. Section 15 of each Grant is hereby amended and restated in its entirety to read as follows:

> 15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

2. No Other Amendments. All other terms, conditions and requirements of the Plan and each Grant shall remain in full force and effect, and no other amendment or modification is or shall be made hereby.

3. Participant Notice. The Participant shall be bound by the terms and conditions of this Amendment No. 1, notwithstanding any lack of personal notice or delivery thereof to the Participant.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 1 to each Grant to be executed, effective as of September 24, 2024.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

EXHIBIT A

COVERED PARTICIPANTS AND DATES OF GRANT

Participant	**Dates of Grant**
David M. Bowler	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
John C. Griffith	May 16, 2022; February 14, 2023; February 13, 2024 and August 1, 2024
M. Susan Hardwick	February 15, 2022; February 14, 2023; and February 13, 2024
Melanie M. Kennedy	February 15, 2022; February 14, 2023; and February 13, 2024
Stacy A. Mitchell	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
Cheryl Norton	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
Melissa K. Wikle	February 15, 2022; February 14, 2023; February 13, 2024; and May 15, 2024

Exhibit 10.8

OMNIBUS AMENDMENT NO. 1 TO

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
2022, 2023 AND 2024 PERFORMANCE STOCK UNIT GRANTS

This AMENDMENT NO. 1 hereby serves to amend certain outstanding PERFORMANCE STOCK UNIT GRANTS to each of the participants in the Plan (as defined below) whose names are set forth on Exhibit A attached hereto (each, a "Participant"), and with such dates of grant (each, a "Date of Grant") as set forth on Exhibit A opposite each such Participant's name, and is delivered by American Water Works Company, Inc. (the "Company").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has granted to each Participant grants of Performance Stock Units with respect to the Company's relative total stockholder return performance goal, as described therein (each, a "Grant"), effective as of each Date of Grant as described above, for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, Section 14(b) of the Plan authorizes the Committee to permit the withholding of Company Stock to satisfy the Company's tax withholding obligations ("Tax Withholding Obligations") with respect to each Grant, at a withholding rate for federal (including FICA), state and local tax liabilities no greater than the maximum rate permitted by U.S. generally accepted accounting principles as applied to the Company (the "Maximum Withholding Rate"); and

WHEREAS, Section 16 of each Grant permits the withholding of Company Stock to satisfy Tax Withholding Obligations at a withholding rate that does not exceed the minimum applicable withholding tax rate for such tax liabilities; and

WHEREAS, Section 3(b) of the Plan permits the Committee, subject to certain limitations, to amend the terms and conditions of any previously issued Grant, and Section 12 of each Grant provides that (i) in the event of any contradictions, distinctions or differences between a Grant and the terms of the Plan, the terms of the Plan will control, and (ii) the Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the Plan, including, but not limited to, the rights and obligations of Participants with respect to withholding taxes; and

WHEREAS, in light of the contradictions, distinctions and differences between Section 14(b) of the Plan and Section 16 of each Grant, and to establish a determination of the rights and obligations of Participants with respect to withholding taxes that is consistent with the Plan, the Committee has approved, in accordance with Section 3(b) of the Plan, an amendment with

respect to each Grant to permit the satisfaction of Tax Withholding Obligations by withholding Company Stock at a rate no greater than the Maximum Withholding Rate.

NOW, THEREFORE, the Committee has approved the amendment and modification of each Grant as follows:

1. Amendment to Provision of Grant Related to Tax Withholding Obligations. Section 16 of each Grant is hereby amended and restated in its entirety to read as follows:

> 16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

2. No Other Amendments. All other terms, conditions and requirements of the Plan and each Grant shall remain in full force and effect, and no other amendment or modification is or shall be made hereby.

3. Participant Notice. The Participant shall be bound by the terms and conditions of this Amendment No. 1, notwithstanding any lack of personal notice or delivery thereof to the Participant.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 1 to each Grant to be executed, effective as of September 24, 2024.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

EXHIBIT A

COVERED PARTICIPANTS AND DATES OF GRANT

Participant	**Dates of Grant**
David M. Bowler	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
John C. Griffith	May 16, 2022; February 14, 2023; February 13, 2024 and August 1, 2024
M. Susan Hardwick	February 15, 2022; February 14, 2023; and February 13, 2024
Melanie M. Kennedy	February 15, 2022; February 14, 2023; and February 13, 2024
Stacy A. Mitchell	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
Cheryl Norton	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
Melissa K. Wikle	February 15, 2022; February 14, 2023; and February 13, 2024

Exhibit 10.9

OMNIBUS AMENDMENT NO. 1 TO

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
2022, 2023 AND 2024 PERFORMANCE STOCK UNIT GRANTS

This AMENDMENT NO. 1 hereby serves to amend certain outstanding PERFORMANCE STOCK UNIT GRANTS to each of the participants in the Plan (as defined below) whose names are set forth on Exhibit A attached hereto (each, a "Participant"), and with such dates of grant (each, a "Date of Grant") as set forth on Exhibit A opposite each such Participant's name, and is delivered by American Water Works Company, Inc. (the "Company").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has granted to each Participant grants of Performance Stock Units with respect to the achievement of the Company's compounded earnings per share growth goal, as described therein (each, a "Grant"), effective as of each Date of Grant as described above, for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, Section 14(b) of the Plan authorizes the Committee to permit the withholding of Company Stock to satisfy the Company's tax withholding obligations ("Tax Withholding Obligations") with respect to each Grant, at a withholding rate for federal (including FICA), state and local tax liabilities no greater than the maximum rate permitted by U.S. generally accepted accounting principles as applied to the Company (the "Maximum Withholding Rate"); and

WHEREAS, Section 16 of each Grant permits the withholding of Company Stock to satisfy Tax Withholding Obligations at a withholding rate that does not exceed the minimum applicable withholding tax rate for such tax liabilities; and

WHEREAS, Section 3(b) of the Plan permits the Committee, subject to certain limitations, to amend the terms and conditions of any previously issued Grant, and Section 12 of each Grant provides that (i) in the event of any contradictions, distinctions or differences between a Grant and the terms of the Plan, the terms of the Plan will control, and (ii) the Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the Plan, including, but not limited to, the rights and obligations of Participants with respect to withholding taxes; and

WHEREAS, in light of the contradictions, distinctions and differences between Section 14(b) of the Plan and Section 16 of each Grant, and to establish a determination of the rights and obligations of Participants with respect to withholding taxes that is consistent with the Plan, the Committee has approved, in accordance with Section 3(b) of the Plan, an amendment with

respect to each Grant to permit the satisfaction of Tax Withholding Obligations by withholding Company Stock at a rate no greater than the Maximum Withholding Rate.

NOW, THEREFORE, the Committee has approved the amendment and modification of each Grant as follows:

1. Amendment to Provision of Grant Related to Tax Withholding Obligations. Section 16 of each Grant is hereby amended and restated in its entirety to read as follows:

> 16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

2. No Other Amendments. All other terms, conditions and requirements of the Plan and each Grant shall remain in full force and effect, and no other amendment or modification is or shall be made hereby.

3. Participant Notice. The Participant shall be bound by the terms and conditions of this Amendment No. 1, notwithstanding any lack of personal notice or delivery thereof to the Participant.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 1 to each Grant to be executed, effective as of September 24, 2024.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

EXHIBIT A

COVERED PARTICIPANTS AND DATES OF GRANT

Participant	**Dates of Grant**
David M. Bowler	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
John C. Griffith	May 16, 2022; February 14, 2023; February 13, 2024 and August 1, 2024
M. Susan Hardwick	February 15, 2022; February 14, 2023; and February 13, 2024
Melanie M. Kennedy	February 15, 2022; February 14, 2023; and February 13, 2024
Stacy A. Mitchell	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
Cheryl Norton	February 15, 2022; February 14, 2023; February 13, 2024; and August 1, 2024
Melissa K. Wikle	February 15, 2022; February 14, 2023; and February 13, 2024

Exhibit 10.10

OMNIBUS AMENDMENT NO. 1 TO

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
2024 PERFORMANCE STOCK UNIT GRANTS

This AMENDMENT NO. 1 hereby serves to amend certain outstanding PERFORMANCE STOCK UNIT GRANTS to each of the participants in the Plan (as defined below) whose names are set forth on Exhibit A attached hereto (each, a "Participant"), and with such dates of grant (each, a "Date of Grant") as set forth on Exhibit A opposite each such Participant's name, and is delivered by American Water Works Company, Inc. (the "Company").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has granted to each Participant one or more grants of Performance Stock Units with respect to the achievement of the Company's return on equity goal, as described therein (each, a "Grant"), effective as of each Date of Grant as described above, for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, Section 14(b) of the Plan authorizes the Committee to permit the withholding of Company Stock to satisfy the Company's tax withholding obligations ("Tax Withholding Obligations") with respect to each Grant, at a withholding rate for federal (including FICA), state and local tax liabilities no greater than the maximum rate permitted by U.S. generally accepted accounting principles as applied to the Company (the "Maximum Withholding Rate"); and

WHEREAS, Section 16 of each Grant permits the withholding of Company Stock to satisfy Tax Withholding Obligations at a withholding rate that does not exceed the minimum applicable withholding tax rate for such tax liabilities; and

WHEREAS, Section 3(b) of the Plan permits the Committee, subject to certain limitations, to amend the terms and conditions of any previously issued Grant, and Section 12 of each Grant provides that (i) in the event of any contradictions, distinctions or differences between a Grant and the terms of the Plan, the terms of the Plan will control, and (ii) the Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the Plan, including, but not limited to, the rights and obligations of Participants with respect to withholding taxes; and

WHEREAS, in light of the contradictions, distinctions and differences between Section 14(b) of the Plan and Section 16 of each Grant, and to establish a determination of the rights and obligations of Participants with respect to withholding taxes that is consistent with the Plan, the Committee has approved, in accordance with Section 3(b) of the Plan, an amendment with

respect to each Grant to permit the satisfaction of Tax Withholding Obligations by withholding Company Stock at a rate no greater than the Maximum Withholding Rate.

NOW, THEREFORE, the Committee has approved the amendment and modification of each Grant as follows:

1. Amendment to Provision of Grant Related to Tax Withholding Obligations. Section 16 of each Grant is hereby amended and restated in its entirety to read as follows:

> 16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

2. No Other Amendments. All other terms, conditions and requirements of the Plan and each Grant shall remain in full force and effect, and no other amendment or modification is or shall be made hereby.

3. Participant Notice. The Participant shall be bound by the terms and conditions of this Amendment No. 1, notwithstanding any lack of personal notice or delivery thereof to the Participant.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 1 to each Grant to be executed, effective as of September 24, 2024.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

EXHIBIT A

COVERED PARTICIPANTS AND DATES OF GRANT

Participant	**Dates of Grant**
David M. Bowler	February 13, 2024 and August 1, 2024
John C. Griffith	February 13, 2024 and August 1, 2024
M. Susan Hardwick	February 13, 2024
Melanie M. Kennedy	February 13, 2024
Stacy A. Mitchell	February 13, 2024 and August 1, 2024
Cheryl Norton	February 13, 2024 and August 1, 2024
Melissa K. Wikle	February 13, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)
October 30, 2024

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
October 30, 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of April 21, 2025
Common Stock, par value $0.01 per share	**195,011,615**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. 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," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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 herein as a result of the following important factors:

- 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 or changes 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, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from 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 required regulatory 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 ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, 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 GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;

- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and 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 and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 35,466	$ 35,059
Accumulated depreciation	(7,089)	(7,021)
Property, plant and equipment, net	28,377	28,038
Current assets:		
Cash and cash equivalents	114	96
Restricted funds	18	29
Accounts receivable, net of allowance for uncollectible accounts of $57 and $53, respectively	380	416
Income tax receivable	23	25
Unbilled revenues	332	315
Materials and supplies	107	103
Other	220	231
Total current assets	1,194	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,162	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,144	1,144
Other	397	399
Total regulatory and other long-term assets	3,585	3,577
Total assets	$ 33,156	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,512,663 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,611	8,598
Retained earnings	2,317	2,112
Accumulated other comprehensive income	2	12
Treasury stock, at cost (5,501,396 and 5,451,216 shares, respectively)	(398)	(392)
Total common shareholders' equity	10,534	10,332
Long-term debt	13,318	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,321	12,521
Total capitalization	23,855	22,853
Current liabilities:		
Short-term debt	999	879
Current portion of long-term debt	114	637
Accounts payable	240	346
Accrued liabilities	539	791
Accrued taxes	228	156
Accrued interest	131	111
Other	196	230
Total current liabilities	2,447	3,150
Regulatory and other long-term liabilities:		
Advances for construction	396	383
Deferred income taxes and investment tax credits	2,936	2,881
Regulatory liabilities	1,400	1,416
Operating lease liabilities	75	76
Accrued pension expense	212	217
Other	252	277
Total regulatory and other long-term liabilities	5,271	5,250
Contributions in aid of construction	1,583	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 33,156	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185
Basic earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Diluted earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2025	2024
Net income attributable to common shareholders	$ 205	$ 185
Other comprehensive (loss) income, net of tax:		
Unrealized (loss) gain on cash flow hedges, net of tax of $(3) and $3 for the three months ended March 31, 2025 and 2024, respectively	(8)	19
Unrealized loss on available-for-sale fixed-income securities, net of tax of $(1) and $1 for the three months ended March 31, 2025 and 2024, respectively	(2)	(1)
Net other comprehensive (loss) income	(10)	18
Comprehensive income attributable to common shareholders	$ 195	$ 203

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 205	$ 185
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	216	188
Deferred income taxes and amortization of investment tax credits	16	8
Provision for losses on accounts receivable	10	5
Pension and non-pension postretirement benefits	(2)	—
Other non-cash, net	(21)	4
Changes in assets and liabilities:		
Receivables and unbilled revenues	25	(2)
Income tax receivable	2	60
Pension contributions	(11)	(11)
Accounts payable and accrued liabilities	(131)	(61)
Accrued taxes	73	24
Other assets and liabilities, net	(51)	(18)
Net cash provided by operating activities	331	382
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(548)	(609)
Acquisitions, net of cash acquired	(3)	(86)
Removal costs from property, plant and equipment retirements, net	(29)	(38)
Purchases of available-for-sale fixed-income securities	(27)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	39	—
Net cash used in investing activities	(568)	(733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	810	1,391
Repayments of long-term debt	(531)	(449)
Net short-term borrowings (repayments) with original maturities less than three months	120	(179)
Advances and contributions in aid of construction, net of refunds of $9 for the three months ended March 31, 2025 and 2024	13	3
Debt issuance costs	(5)	(14)
Dividends paid	(149)	(138)
Other, net	(4)	(1)
Net cash provided by financing activities	254	613
Net increase in cash, cash equivalents and restricted funds	17	262
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 157	$ 626
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 298	$ 422

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of March 31, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of March 31, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarter of 2024, the NJEDA issued the utilization certificate for the 2021 tax credits to the Company in the amount of $16 million. The Company sold the tax credits to an external party for $15 million. As of March 31, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2024 and 2023. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2025 and the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended March 31:

	2025	2024
Cash and cash equivalents	$ 114	$ 584
Restricted funds	18	42
Restricted funds included in other long-term assets	25	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 157	$ 626

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the three months ended March 31:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(10)	(5)
Amounts written off	6	7
Balance as of March 31	$ (57)	$ (49)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Virginia	February 24, 2025 (a)	$ 15
Tennessee	January 21, 2025	1
California, Step Increase	January 1, 2025	17
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 138

(a) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024, joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission ("CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. On April 25, 2025, the Hawaii subsidiary filed with the Hawaii Public Utilities Commission (the "HPUC") a partial settlement, reached with the Division of Consumer Advocacy, in its general rate case. The partial settlement agrees to an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. The settlement remains subject to HPUC review and approval and the Hawaii subsidiary expects a decision mid-year in 2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The original request was based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%, and was driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission (the "MoPSC") issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to that date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues (excluding infrastructure surcharges) and to define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. In February 2025, the Missouri subsidiary filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such infrastructure surcharges) to approximately $107 million. On March 17, 2025, the Missouri subsidiary entered into a stipulation and agreement (the "Stipulation") with, among other parties, the staff of the MoPSC and the Office of the Public Counsel, as to an annualized increase of approximately $63 million in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The Stipulation is subject to review and approval by the MoPSC, which is anticipated in the second quarter of 2025, and, if approved, new rates are expected to be effective by May 31, 2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary expects resolution of this proceeding by the end of May 2025.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 23

Pending Infrastructure Surcharge Filings

On April 15, 2025, the Company's New Jersey subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 560	$ —	$ 560
Commercial	212	—	212
Fire service	45	—	45
Industrial	45	—	45
Public and other	67	—	67
Total water services	929	—	929
Wastewater services:			
Residential	68	—	68
Commercial	18	—	18
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	101	—	101
Miscellaneous utility charges	11	—	11
Alternative revenue programs	—	6	6
Lease contract revenue	—	2	2
Total Regulated Businesses	1,041	8	1,049
Other	93	—	93
Total operating revenues	$ 1,134	$ 8	$ 1,142

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 502	$ 2	$ 504
Commercial	186	1	187
Fire service	41	—	41
Industrial	42	—	42
Public and other	55	1	56
Total water services	826	4	830
Wastewater services:			
Residential	59	—	59
Commercial	16	—	16
Industrial	2	—	2
Public and other	8	—	8
Total wastewater services	85	—	85
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	2	2
Lease contract revenue	—	2	2
Total Regulated Businesses	920	8	928
Other	83	—	83
Total operating revenues	$ 1,003	$ 8	$ 1,011

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $103 million and $84 million are included in unbilled revenues on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Also, contract assets of $36 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Contract liabilities of $29 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Also, contract liabilities of $25 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Revenues recognized for the three months ended March 31, 2025 and 2024, from amounts included in contract liabilities were $22 million and $21 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of March 31, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of March 31, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $585 million as of March 31, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the three months ended March 31, 2025, the Company closed one asset acquisition of a regulated water system for a purchase price of $2 million, which added approximately 300 water customers. Assets acquired from this acquisition, utility plant, totaled $2 million.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the periods ended March 31, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of March 31, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million and $17 million of interest income during the three months ended March 31, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the three months ended March 31, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive income (loss) before reclassifications	—	—	—	(8)	2	(6)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—	(4)	(4)
Net other comprehensive loss	—	—	—	(8)	(2)	(10)
Balance as of March 31, 2025	$ (95)	$ 1	$ 74	$ 22	$ —	$ 2
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassifications	—	—	—	19	(1)	18
Net other comprehensive income (loss)	—	—	—	19	(1)	18
Balance as of March 31, 2024	$ (96)	$ 1	$ 74	$ 10	$ 3	$ (8)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On March 4, 2025, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of February 7, 2025.

On April 30, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on June 3, 2025, to shareholders of record as of May 13, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 27, 2025, American Water Capital Corp. ("AWCC") completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the three months ended March 31, 2025, the Company's regulated subsidiaries issued in the aggregate $13 million of private activity bonds and government funded debt in multiple transactions with no annual interest and maturity dates ranging from 2025 through 2028. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the three months ended March 31, 2025, were collateralized. During the three months ended March 31, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, or repaid at maturity, $531 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 3.41%, and maturity dates ranging from 2025 to 2061.

As of March 31, 2025, the Company had three treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $130 million, to reduce interest rate exposure on any future debt issuances in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.12%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1.0 billion and $880 million as of March 31, 2025, and December 31, 2024, respectively, or net of discount $999 million and $879 million as of March 31, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.63% and 4.65% at March 31, 2025, and December 31, 2024, respectively. At March 31, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,000)	(84)	(1,084)
Remaining availability as of March 31, 2025	$ 1,600	$ 66	$ 1,666

(a) Total remaining availability of $1.7 billion as of March 31, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2025	$ 114	$ 1,666	$ 1,780
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 24.1% and 23.6% for the three months ended March 31, 2025 and 2024. The increase in the Company's effective income tax rate for the three months ended March 31, 2025, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. As of March 31, 2025, the Company has a CAMT credit carryforward of $132 million.

On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended March 31,	
	2025	2024
Components of net periodic pension benefit cost:		
Service cost	$ 3	$ 5
Interest cost	21	21
Expected return on plan assets	(22)	(24)
Amortization of prior service credit	(1)	(1)
Amortization of actuarial loss	5	6
Net periodic pension benefit cost	$ 6	$ 7
Components of net periodic other postretirement benefit credit:		
Service cost	$ —	$ 1
Interest cost	3	3
Expected return on plan assets	(3)	(3)
Amortization of prior service credit	(8)	(8)
Net periodic other postretirement benefit credit	$ (8)	$ (7)

The Company contributed $11 million for the funding of its defined benefit pension plans for the three months ended March 31, 2025 and 2024. The Company expects to make additional pension contributions to the plan trusts of $33 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of March 31, 2025, the Company has accrued approximately $17 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty and will depend in part on the amount of claims ultimately submitted and approved through the above-referenced claims process; however, the Company does not currently anticipate that its maximum liability will exceed $5 million. As a result, the Company recorded a charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC to the settlement will be funded unless and until, and to the extent required by, a proposed settlement agreement that has been entered into by the parties and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which, upon motion of the parties, has been reset to March 16, 2026, to allow for the completion of discovery.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $290 million in aggregate costs as of March 31, 2025, related to the Water Supply Project, which includes $92 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On April 10, 2025, the CPUC issued a proposed decision, which remains subject to comment and the issuance by the CPUC of a final decision, that would authorize an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. This Phase 2 matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On March 28, 2025, the court issued an intended decision to deny the joint petition in full. As permitted by the court, written statements have been filed identifying issues believed to have not been addressed in the intended decision. Cal Am has been given until April 29, 2025, to respond to these statements.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended March 31,	
	2025	2024
Numerator:		
Net income attributable to common shareholders	$ 205	$ 185
Denominator:		
Weighted-average common shares outstanding—Basic	195	195
Effect of dilutive common stock equivalents	—	—
Weighted-average common shares outstanding—Diluted	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three months ended March 31, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of March 31, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $797 million and $793 million as of March 31, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of March 31, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,432	10,570	1,053	664	12,287

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 43	$ —	$ —	$ 43
Rabbi trust investments	28	—	—	28
Deposits	7	—	—	7
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	77	7	—	84
Mark-to-market derivative asset	—	10	—	10
Total assets	176	17	—	193
Liabilities:				
Deferred compensation obligations	33	—	—	33
Total liabilities	33	—	—	33
Total assets	$ 143	$ 17	$ —	$ 160

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $25 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $75 million and $71 million in other current assets, as of March 31, 2025, and December 31, 2024, respectively, and $30 million and $44 million in other long-term assets, as of March 31, 2025, and December 31, 2024, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of March 31, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 84	$ 1	$ 1	$ 84

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of March 31, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 47
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 84

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of March 31, 2025, and December 31, 2024. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $3 million in 2025, $4 million in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for the three months ended March 31, 2025 and 2024, respectively.

For the three months ended March 31, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million. For the three months ended March 31, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $3 million.

As of March 31, 2025, the weighted-average remaining lease term of the operating leases was 17 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of March 31, 2025, were $9 million in 2025, $11 million in 2026, $10 million in 2027, $8 million in 2028, $7 million in 2029, and $85 million thereafter. As of March 31, 2025, imputed interest was $47 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended March 31, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,049	$ 93	$ 1,142
Less:			
Operation and maintenance (a)	395	73	468
Other segment items (b)	67	(1)	66
Depreciation and amortization	213	3	216
Interest expense	114	30	144
Interest income	(1)	(21)	(22)
Provision for income taxes	60	5	65
Net income attributable to common shareholders	$ 201	$ 4	$ 205
Total assets	$ 30,288	$ 2,868	$ 33,156
Cash paid for capital expenditures	$ 545	$ 3	$ 548

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended March 31, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 928	$ 83	$ 1,011
Less:			
Operation and maintenance (a)	351	65	416
Other segment items (b)	61	4	65
Depreciation and amortization	184	4	188
Interest expense	97	27	124
Interest income	(3)	(21)	(24)
Provision for income taxes	53	4	57
Net income attributable to common shareholders	$ 185	$ —	$ 185
Total assets	$ 27,807	$ 3,279	$ 31,086
Cash paid for capital expenditures	$ 603	$ 6	$ 609

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three months ended March 31, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.05, an increase of $0.10, as compared to the same period in the prior year. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three months ended March 31, 2025 and 2024, include incremental interest income of $0.03 and $0.02 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company plans to invest approximately $3.3 billion in these growth strategies in 2025. During the first three months of 2025, the Company invested $518 million, in the Regulated Businesses, as discussed below.

- $515 million capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $3 million to fund an acquisition in the Regulated Businesses, which added approximately 300 customers.
- Approximately 4,000 new customers were added through organic growth in existing systems.

As of March 31, 2025, the Company had entered into 18 agreements with a total aggregate purchase price of $123 million for pending acquisitions in the Regulated Businesses, to add approximately 29,000 additional customers. In April 2025, the Company completed two acquisitions of regulated water systems for a total aggregate purchase price of $6 million, which added approximately 1,850 water customers and entered into two agreements with a total aggregate purchase price of $45 million for pending acquisitions in the Regulated Businesses, to add approximately 10,200 additional customers.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident, captioned *Johnsen et al. v. American Water Works Company, Inc.*, agreed to voluntarily dismiss the consolidated lawsuit without prejudice. On March 21, 2025, the parties filed a stipulation to that effect. An order of voluntary dismissal was entered by the U.S. District Court for the District of New Jersey on March 24, 2025, which concludes this lawsuit against parent company. See Part II, Item 1—Legal Proceedings—Cybersecurity Incident Consolidated Class Action Lawsuit.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Virginia	February 24, 2025 (a)	$ 15
Tennessee	January 21, 2025	1
California, Step Increase	January 1, 2025	17
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 138

(a) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024, joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission ("CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. On April 25, 2025, the Hawaii subsidiary filed with the Hawaii Public Utilities Commission (the "HPUC") a partial settlement, reached with the Division of Consumer Advocacy, in its general rate case. The partial settlement agrees to an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. The settlement remains subject to HPUC review and approval and the Hawaii subsidiary expects a decision mid-year in 2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The original request was based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%, and was driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission (the "MoPSC") issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to that date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues (excluding infrastructure surcharges) and to define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. In February 2025, the Missouri subsidiary filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such infrastructure surcharges) to approximately $107 million. On March 17, 2025, the Missouri subsidiary entered into a stipulation and agreement (the "Stipulation") with, among other parties, the staff of the MoPSC and the Office of the Public Counsel, as to an annualized increase of approximately $63 million in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The Stipulation is subject to review and approval by the MoPSC, which is anticipated in the second quarter of 2025, and, if approved, new rates are expected to be effective by May 31, 2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary expects resolution of this proceeding by the end of May 2025.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 23

Pending Infrastructure Surcharge Filings

On April 15, 2025, the Company's New Jersey subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended March 31,	
(In millions)	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended March 31, 2025	2024
Operating revenues	$ 1,049	$ 928
Operation and maintenance	395	351
Depreciation and amortization	213	184
General taxes	81	76
Other income (expense)	(99)	(79)
Provision for income taxes	60	53
Net income attributable to common shareholders	$ 201	$ 185

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended March 31, 2025	2024
Water services:		
Residential	$ 560	$ 504
Commercial	212	187
Fire service	45	41
Industrial	45	42
Public and other	73	58
Total water services	935	832
Wastewater services:		
Residential	68	59
Commercial	18	16
Industrial	5	2
Public and other	10	8
Total wastewater services	101	85
Other (a)	13	11
Total operating revenues	$ 1,049	$ 928

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended March 31, 2025	2024
Billed water services volumes:		
Residential	34,691	34,414
Commercial	17,197	17,291
Industrial	8,654	8,337
Fire service, public and other	12,392	11,116
Total billed water services volumes	72,934	71,158

For the three months ended March 31, 2025, operating revenues increased $121 million, primarily due to a $97 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states and a $14 million increase from water and wastewater acquisitions, as well as organic growth in existing systems. In addition, operating revenues were higher for the three months ended March 31, 2025, in the Company's California subsidiary, primarily due to an increase in customer demand and change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Employee-related costs	$ 149	$ 135
Production costs	106	102
Operating supplies and services	72	63
Maintenance materials and supplies	29	22
Customer billing and accounting	20	14
Other	19	15
Total operation and maintenance expense	$ 395	$ 351

For the three months ended March 31, 2025, operation and maintenance expense increased $44 million, due to increases from employee-related costs to support growth and acquisitions completed in 2024. In addition, operation and maintenance expense was higher due to increased production costs primarily from higher power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other operating expenses.

Depreciation and Amortization

For the three months ended March 31, 2025, depreciation and amortization increased $29 million, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three months ended March 31, 2025, general taxes increased $5 million, primarily due to incremental property and capital stock taxes.

Other Expenses

For the three months ended March 31, 2025, other expenses increased $20 million, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three months ended March 31, 2025, the Regulated Businesses' provision for income taxes increased $7 million. The Regulated Businesses' effective income tax rate was 23.0% and 22.3% for the three months ended March 31, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended March 31, 2025	2024
Operating revenues	$ 93	$ 83
Operation and maintenance	73	65
Depreciation and amortization	3	4
General taxes	6	5
Interest expense	(30)	(27)
Interest income	21	21
Other income	7	1
Provision for income taxes	5	4
Net income attributable to common shareholders	$ 4	$ —

Operating Revenues

For the three months ended March 31, 2025, operating revenues increased $10 million, from an increase in capital projects in MSG and the Contract Services Group ("CSG").

Operation and Maintenance

For the three months ended March 31, 2025, operation and maintenance expense increased $8 million, primarily due to costs associated with MSG and CSG projects.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of April 30, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of April 30, 2025:

- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and will become effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the Indiana Utility Regulatory Commission to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and will become effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and will become effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2025		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,000)	(84)	(1,084)
Remaining availability as of March 31, 2025	$ 1,600	$ 66	$ 1,666

(a) Total remaining availability of $1.7 billion as of March 31, 2025, was accessible through revolver draws.

	As of December 31, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2025	$ 114	$ 1,666	$ 1,780
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.63% and 4.65% at March 31, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of March 31, 2025, the Company had three treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $130 million, to reduce interest rate exposure on any future debt issuances in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.12%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Net income	$ 205	$ 185
Add (less):		
Depreciation and amortization	216	188
Deferred income taxes and amortization of investment tax credits	16	8
Other non-cash activities (a)	(13)	9
Changes in assets and liabilities (b)	(82)	3
Pension contributions	(11)	(11)
Net cash provided by operating activities	$ 331	$ 382

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the three months ended March 31, 2025, cash flows provided by operating activities decreased $51 million, due to normal business operations, primarily relating to decreases in accounts payable and accrued liabilities, partially offset by an increase in net income.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (548)	$ (609)
Acquisitions, net of cash acquired	(3)	(86)
Removal costs from property, plant and equipment retirements, net	(29)	(38)
Purchases of available-for-sale fixed-income securities	(27)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	39	—
Net cash used in investing activities	$ (568)	$ (733)

For the three months ended March 31, 2025, cash flows used in investing activities decreased $165 million, primarily due to lower capital expenditures and fewer acquisitions in the current period. The Company plans to invest approximately $3.3 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Three Months Ended March 31, 2025	2024
Proceeds from long-term debt, net of discount	$ 810	$ 1,391
Repayments of long-term debt	(531)	(449)
Net short-term borrowings (repayments) with original maturities less than three months	120	(179)
Debt issuance costs	(5)	(14)
Dividends paid	(149)	(138)
Other financing activities, net (a)	9	2
Net cash provided by financing activities	$ 254	$ 613

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the three months ended March 31, 2025, cash flows provided by financing activities decreased $359 million, primarily due to lower proceeds from the issuance of long-term debt and higher repayments of long-term debt. These decreases were partially offset by higher short-term commercial paper borrowings in the current period, compared to repayments of commercial paper in the prior period.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On March 31, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of April 30, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on April 4, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

The CPUC's March 2023 final decision provides Cal Am with an opportunity to increase its cost cap (currently set at a total of $112 million) for certain of the Water Supply Project's extraction wells. On April 10, 2025, the CPUC issued a proposed decision, which remains subject to the issuance of a final decision, that would authorize an increase of $11 million to this cost cap for the specified extraction wells.

Coastal Development Permit Application

On March 28, 2025, the Monterey County Superior Court issued an intended decision to deny in full the joint petition for writ of mandate by the City, MCWD and MPWMD. As permitted by the court, written statements have been filed identifying issues believed to have not been addressed in the intended decision. Cal Am has been given until April 29, 2025, to respond to these statements.

Cal Am's Action for Damages Following Termination of RDP

Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision.

Mountaineer Gas Company Main Break

The West Virginia Business Court had set a trial date of October 7, 2025, for the matter of *Mountaineer Gas Company v. West Virginia-American Water Company.* Upon motion of the parties, the trial date has been reset to March 16, 2026, to allow for the completion of discovery.

Cybersecurity Incident Consolidated Class Action Lawsuit

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's previously reported October 2024 cybersecurity incident, captioned *Johnsen et al. v. American Water Works Company, Inc.*, agreed to voluntarily dismiss the consolidated lawsuit without prejudice. On March 21, 2025, the parties filed a stipulation to that effect. An order of voluntary dismissal was entered by the U.S. District Court for the District of New Jersey on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

The Company has timely submitted to the PFAS MDL its Phase One claim forms pursuant to the Tyco Fire Products LP and BASF Corporation class action settlements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended March 31, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through March 31, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Approval of CEO Compensation for John C. Griffith

As previously disclosed, on February 19, 2025, the Board of Directors of the Company (the "Board") designated John C. Griffith, the Company's President, to serve as the Company's President and Chief Executive Officer and as its principal executive officer, effective as of the conclusion of the Annual Meeting of Shareholders scheduled to be held on May 14, 2025 (the "Effective Time"). To provide for Mr. Griffith's 2025 compensation in his new role, the independent members of the Board, upon the unanimous recommendation of the Executive Development and Compensation Committee (the "Compensation Committee"), approved all of the following, effective as of the Effective Time: (i) an annual base salary for 2025 of approximately $1,050,000, prorated as of the Effective Time; (ii) a 2025 target award under the Company's Annual Performance Plan, prorated as of the Effective Time, equal to 120% of his then annual base salary; and (iii) additional 2025 Long-Term Performance Plan ("LTPP") restricted stock unit and performance stock unit awards granted under the Company's 2017 Omnibus Equity Compensation Plan, which (a) shall serve to bring Mr. Griffith's total LTPP award opportunity for 2025 to 430% of his annual base salary (prorated as of the Effective Time), (b) will have an aggregate market value on the Effective Date approximately equal to $734,645, and (c) will have customary terms and continued vesting provisions associated with LTPP awards granted to persons in the position of CEO. All of the foregoing compensation was reviewed and recommended for approval by the Compensation Committee based on benchmarking data and other information provided by its independent compensation consultant and is to be received by Mr. Griffith in lieu of his previously approved compensation as President.

Furthermore, Mr. Griffith will continue to participate in the Company's Executive Severance Policy and Change of Control Severance Policy and will continue to be eligible to participate in the Company's employee nonqualified deferred compensation plan and its 401(k) savings plan, and in other of the Company's customary benefits and plans offered or to be offered to senior executives of the Company. Mr. Griffith will also continue to be subject to the Company's executive stock ownership guidelines and stock retention requirements and will remain subject to the requirement thereunder that he own, by August 1, 2029, covered shares of Company common stock with an aggregate market value of at least six times his annual base salary.

On April 30, 2025, the Company and Mr. Griffith executed an employment offer letter to be effective as of the Effective Time, approved unanimously by the independent members of the Board upon the unanimous recommendation of the Compensation Committee, providing for his 2025 compensation as summarized above.

Approval of Board Chair and Committees

On April 30, 2025, upon the recommendation of the Nominating/Corporate Governance Committee of the Board (the "Nominating Committee"), the Board appointed director Karl F. Kurz to continue to serve as Board Chair and the following directors to serve as members of the Board's four standing committees, each effective as of the Effective Time, to serve until the 2026 Annual Meeting of Shareholders or until the director's earlier death, resignation or removal:

Board Committee	Members
Audit, Finance and Risk	Jeffrey N. Edwards (Chair), Patricia L. Kampling and Michael L. Marberry
Compensation	Patricia L. Kampling (Chair), Julia L. Johnson, Laurie P. Havanec and Stuart M. McGuigan
Nominating	Julia L. Johnson (Chair), Jeffrey N. Edwards and Michael L. Marberry
Safety, Environmental, Technology and Operations	Michael L. Marberry (Chair), Laurie P. Havanec and Stuart M. McGuigan

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended March 31, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Current Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
*10.3	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant.
*10.4	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (for CEO, President, COO and CFO).
*10.5	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-1.
*10.6	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form A-2 (for CEO, President, COO and CFO).

Exhibit Number	Exhibit Description
*10.7	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form B-1.
*10.8	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form B-2 (for CEO, President, COO and CFO).
*10.9	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form C-1.
*10.10	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form C-2 (for CEO, President, COO and CFO).
*10.11	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith.
*10.12	Offer Letter for Employment, effective April 1, 2025, between American Water Works Company, Inc. and Lori Sutton.
*10.13	Severance Agreement and General Release, effective as of March 22, 2025, between American Water Works Service Company, Inc. and Melanie M. Kennedy.
*22.1	Guaranteed Securities.
*31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of April, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2025 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraph (c) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant continues to be

employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2026	1/3
January 31, 2027	1/3
January 31, 2028	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2028, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraph (c) below, if at any time prior to January 31, 2028, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If at any time prior to January 31, 2028, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined below), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change

of Control. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan.

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were

credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in Paragraph 3(c) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation

recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock

Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

Exhibit 10.4

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2025 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2026	1/3
January 31, 2027	1/3
January 31, 2028	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2028, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2028, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2028, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2028, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph 3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full

calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2028, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a) above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units

as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be

subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such

determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant,

delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

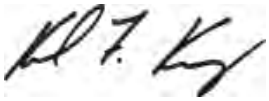
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.5

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2024, and December 31, 2027, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{\text{(Dividend Adjusted Ending Stock Price – Dividend Adjusted Initial Stock Price)}}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change

of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(e), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately

forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the

Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any

applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's

discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.6

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2024, and December 31, 2027, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change

of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of

employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any

notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

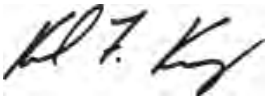
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.7

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance

Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the

Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate

the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of

Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement

between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

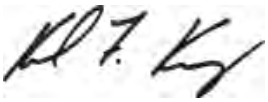
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.9

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance

Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the

Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate

the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.10

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of

Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement

between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

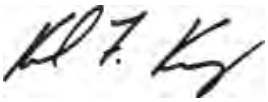
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.11

April 30, 2025

Mr. John Griffith
[REDACTED]
[REDACTED]

Dear John:

On behalf of American Water Works Company, Inc. (the "Company") and its Board of Directors, we are pleased to offer you the posi on of President and Chief Execu ve Officer, effec ve on May 14, 2025 at the conclusion of the Company's annual shareholder mee ng. As President and Chief Execu ve Officer of the Company, you shall have the authority to control the day-to-day opera ons of the Company and its corporate strategy subject to the Company's Bylaws and Delega on of Authority and any direc on and instruc ons provided by the Company's Board of Directors. The following are the terms and condi ons of your employment as the Company's President and Chief Execu ve Officer.

Base Salary: Your new annual salary will be approximately $1,050,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll prac ces and will be effec ve May 14, 2025. Your job performance and compensa on will be reviewed annually by the Execu ve Development and Compensa on Commi ee and the independent members of the Board of Directors.

APP: You will remain eligible to par cipate in the American Water Annual Performance Plan. Your target award eligibility will increase from 100% to 120% of your annual base salary for the 2025 cycle and will be prorated based on your new base salary and target percentage level. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and awards are based on several company performance objec ves that were agreed upon and approved by the Execu ve Development and Compensa on Commi ee and the independent members of the Board of Directors.

LTPP: You remain eligible to par cipate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 340% to 430% of your base salary. Effec ve May 14, 2025, you will receive a second set of grants that reflect the prorated difference between your February 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and condi ons of the Company's 2017 Omnibus Equity Compensa on Plan (the Plan), in the form of restricted stock units and performance stock units as approved by the Execu ve Development and Compensa on Commi ee and the independent members of the Board of Directors. In the event of any conflict between your offer le er and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vaca on accrual. This change in your posi on is not an IRS Qualified Life Event allowing you to change your American Water benefit elec ons, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elec ons to see how this transi on impacts your coverage (e.g., company paid life insurance amount, HSA elec on, 401(k) deferral elec on, beneficiary designa ons, etc.). In addi on, American Water believes your health is of cri cal importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Execu ve Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnos c screenings, extensive laboratory tes ng, and ongoing coaching and support. Addi onal services are available throughout the year, including voluntary primary care services.

Non-Qualified Deferred Compensa on Plan: You will con nue to be eligible to par cipate in our Non-Qualified Deferred Compensa on Plan subject to plan rules and annual enrollment.

Execu ve Severance Policy and Change of Control Severance Policy: You will remain an eligible par cipant under the Execu ve Severance Policy and under the Change of Control Severance Policy.

Execu ve Stock Ownership Guidelines and Execu ve Stock Reten on Requirements: You will con nue to be subject to the stock ownership guidelines and stock reten on requirements.

AMERICAN WATER

As a Sec on 16 officer of the Company, American Water may be required to disclose your compensa on and/or this offer le er in SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your posi on.

We look forward to working with you as President and Chief Execu ve Officer as you con nue to execute on our strategy and grow the Company.

Sincerely,

Karl F. Kurz
Board Chair
American Water

I, John Griffith, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any par cular job for any specified period of me. The Company or I may terminate my employment at any me, for any or no reason, with or without cause.

/s/ JOHN GRIFFITH _____ April 30, 2025 _____
Signature Date

Exhibit 10.12

March 24, 2025

Ms. Lori Su on
[REDACTED]
[REDACTED]

Dear Lori:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new posi on of Senior Vice President, Chief Human Resources Officer repor ng to John Griffith, President, at our Evansville, Indiana office. The effec ve date of your new posi on is April 1, 2025. We are confident that you will find your new posi on to be personally rewarding and one in which you can make significant contribu ons to the company. ***The compensa on described in this offer le er is subject to the approval of the Execu ve Development & Compensa on Commi ee (ED&CC) and will not be effec ve un l the ED&CC approves such compensa on.***

Base Salary: Your new annual salary will be approximately $420,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll prac ces and will be effec ve April 1, 2025. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: You will remain eligible to par cipate in the American Water Annual Performance Plan. Your target award eligibility will increase from 45% to 50% of your annual base salary for the 2025 cycle. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and target awards are prorated based on your effec ve date. Awards from the Annual Performance Plan are based on several company performance objec ves, and payments may be higher or lower than target.

LTPP: You remain eligible to par cipate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 65% to 90% of your base salary. Effec ve April 1, 2025, you will receive a second set of grants that reflect the prorated difference between your February 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and condi ons of the Company's 2017 Omnibus Equity Compensa on Plan (the Plan), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer le er and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vaca on accrual. This change in your posi on is not an IRS Qualified Life Event allowing you to change your American Water benefit elec ons, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elec ons to see how this transi on impacts your coverage (e.g., company paid life insurance amount, HSA elec on, 401(k) paycheck elec on, beneficiary designa ons, etc.). In addi on, American Water believes your health is of cri cal importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Execu ve Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnos c screenings, extensive laboratory tes ng, and ongoing coaching and support. Addi onal services are available throughout the year, including voluntary primary care services.

Non-Qualified Plan: You will con nue to be eligible to par cipate in our Non-Qualified Deferred Compensa on Plan subject to plan rules and annual enrollment.

Execu ve Severance Policy and Change of Control Severance Policy: You will remain an eligible par cipant under the Execu ve Severance Policy and will be an eligible par cipant under the Change of Control Severance Policy.

Execu ve Stock Ownership Guidelines and Execu ve Stock Reten on Requirements: You will con nue to be subject to the stock ownership guidelines and stock reten on requirements.

AMERICAN WATER

As you will be a Sec on 16 officer of the Company, American Water may be required to disclose your compensa on and/or this offer le er in future SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your posi on. Please review all a achments and sign the Confiden ality and Intellectual Property Agreements along with this le er.

We wish you the best of luck in your new role and future opportuni es with American Water!

Sincerely,

/s/ JOHN GRIFFITH

John Griffith
President
American Water

I, Lori Su on, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any par cular job for any specified period of me. The Company or I may terminate my employment at any me, for any or no reason, with or without cause.

__/s/ LORI SUTTON_____03/24/2025_____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confiden ality Policy and Agreement ("Confiden ality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confiden al and propriety informa on and trade secrets. You acknowledge and agree that you are signing this Confiden ality Agreement for good and adequate considera on including your employment by or con nuing employment by American Water or one of its subsidiaries (collec vely, the "Company"); the access that the Company is providing you to certain confiden al and proprietary informa on and trade secrets described below; and the Company's willingness to provide you with valuable opportuni es, considera on and/or benefits. You further acknowledge that this Confiden ally Agreement is in addi on to exis ng American Water policies addressing the handling of sensi ve informa on, cyber and informa on security.

The Company's Confiden ality Policy

The protec on of confiden al business informa on and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confiden al informa on including, without limita on: all informa on about markets, key personnel, opera onal methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid informa on, manuals, books, training materials, forms and procedures, policies, customer or prospec ve customer lists, customer-related data, marke ng plans and strategies, financial informa on, technical informa on, technical processes and methods, algorithms, documents rela ng to any of the foregoing, and other wri en and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collec vely, "Confiden al Informa on"). Confiden al Informa on includes all forms and types of financial, business, scien fic, technical, economic, or engineering informa on, including pa erns, plans, compila ons, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in wri ng if -- (A) the Company has taken reasonable measures to keep such informa on secret; and (B) the informa on derives independent economic value, actual or poten al, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the informa on. Confiden al Informa on may also be "material, non-public informa on" as defined by federal securi es laws and Company policy, both of which prohibit insider trading. Confiden al Informa on may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analy c models. Confiden al Informa on is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confiden al Informa on must be protected as confiden al and not copied, disclosed or used, directly or indirectly, at any me, other than for the Company's benefit (to the extent permi ed by law), unless and un l such knowledge or informa on is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such en es who need to know), publish or make use of any Confiden al Informa on without the Company's express prior wri en consent; provided, however, that nothing shall prohibit or restrict an employee from par cipa ng, coopera ng, or tes fying in any ac on, inves ga on, or proceeding with, or providing informa on to, any governmental agency or legisla ve body, or any self-regulatory organiza on (collec vely, the "Regulators"). Employees may engage in such ac vi es with the Regulators without no fying or obtaining prior authoriza on from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental en ty related to a suspected viola on of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confiden al or proprietary informa on as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an a orney and solely for the purpose of repor ng or inves ga ng a suspected viola on of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confiden al Informa on to his or her a orney and may use the trade secret or Confiden al Informa on in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or Confiden al Informa on at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confiden al Informa on except as required by court order.

AMERICAN WATER

Following the cessa on of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confiden al Informa on, and they shall not misappropriate, u lize, disclose or infringe upon the Confiden al Informa on of the Company or any of its affiliates (including the recrea on or reconstruc on of Confiden al Informa on from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confiden al or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composi on or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in wri ng. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quan fica on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunc on (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confiden al Informa on would not interrupt the legi mate business opera ons of the employee; and (iii) an injunc on would not prevent the employee from entering into an employment rela onship. You further agree that the Company shall be en tled to its reasonable fees and costs if a court of competent jurisdic on issues a preliminary or permanent injunc on against you or a court of competent jurisdic on finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpreta on, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with ques ons regarding this Confiden ality Agreement or the Company's Confiden ality Policy including ques ons regarding whether any par cular informa on cons tutes "Confiden al Informa on," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confiden al Informa on may be subject to disciplinary ac on, up to and including termina on of employment, as well as legal ac on, even if the employee does not actually benefit from the disclosed informa on.

You acknowledge that you (a) have carefully read and considered the provisions of this Confiden ality Agreement and the Company's Confiden ality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confiden ality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

/s/ LORI SUTTON
Employee Signature

Lori Su on
Employee Name (Print)

03/24/2025
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inven ons you may make or works you may create in connec on with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collec vely, the "Company") and your treatment of the Company's confiden al and proprietary informa on. You acknowledge and agree that you are signing this Agreement for good and adequate considera on including (a) your employment by or con nuing employment by the Company; (b) the access that the Company is providing you to certain confiden al and proprietary informa on and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportuni es, considera on and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inven ons" means any and all inven ons, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or por ons thereof, databases, trade secrets and proprietary informa on, documenta on, and materials made, created, conceived or reduced to prac ce by you, whether alone or jointly with others.

a. Your Rights in Inven ons

(i) Prior Inven ons. In the space provided below, or on a separate sheet a ached to this Agreement, you may list all Inven ons (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or tle in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inven ons"). If you do list such Prior Inven ons, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Inven on that is now or herea. er infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementa□on of that por□on of the AWIP Product which infringes your Prior Inven□on, or (ii) you acquiesced or permi□ed other Company employees to u□lize your Prior Inven□on in the course of their development or implementa□on of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Inven□on you do not immediately no□fy in wri□ng the Company's Legal Department of the Company's infringing use of your Prior Inven□on and the need for a license thereto. If you do not list a Prior Inven□on, you acknowledge and agree that no such Prior Inven□ons exist and, to the extent such Prior Inven□ons do exist, you waive any and all rights or claims of ownership to such Prior Inven□ons. You understand that your lis□ng of any Prior Inven□on(s) here does not cons□tute an acknowledgment by the Company of the existence or extent of such Prior Inven□on, nor of your ownership of such Prior Inven□ons. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distribu□ng.

Prior Inven□ons (descrip□on and iden□fying number of patent, copyright, or patent or copyright applica□on, if applicable):

Lori Su□on	03/24/2025
Title	Date
N/A	

Brief Descrip□on of Inven□on

ð A separate sheet lis□ng Prior Inven□ons is a□ached.

(ii) Future Employee inven□ons. The Company acknowledges and agrees, in accordance with applicable state law, that any Inven□ons (a) that you develop en□rely on your own □me; and (b) that you develop without using the Company's equipment, supplies, facili□es, or trade secret informa□on; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the □me of concep□on or reduc□on to prac□ce, to the Company's business or products, or to the Company's actual or demonstrably an□cipated research or development, will be owned en□rely by you, even if developed by you during the □me period in which you are employed by the Company.

b. AWIP's Rights In Inven□ons

(i) Assignment of Inven□ons to AWIP. You agree that all Inven□ons that (a) are developed using the equipment, supplies, facili□es, or Proprietary Informa□on of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to prac□ce during your employment by the Company and relate to the business and products, or to the actual or demonstrably an□cipated research or development of the Company ("AWIP Inven□ons"), are the sole and exclusive property of AWIP, and you hereby assign all your right, □tle and interest in such AWIP Inven□ons to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full wri□en disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inven□ons, and provide access to all notes, materials, source code, or other items related to AWIP Inven□ons.

(iii) Assignment of Moral Rights to AWIP. In addi□on, to the extent permi□ed by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Inven□on(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of a□ribu□on (give credit to the author); and (2) the right of integrity in the AWIP Inven□on (not do something with an AWIP Inven□on, such as change or add to it, that would have a nega□ve impact on the author's reputa□on). You agree to waive and never to assert any such "moral" rights in AWIP Inven□ons during or after the cessa□on of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inven□ons when distributed. You also agree that the Company retains sole discre□on with regard to how and for what purposes, if any, such AWIP Inven□on(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, □tle and interest, including all intellectual property in and to works.

d. Protec□on of AWIP Inven□ons

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protec□ons for AWIP Inven□ons in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protec□ons.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a rela□onship of confidence and trust with respect to any informa□on of a confiden□al, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confiden□al informa□on of third par□es disclosed to the Company. Such confiden□al, proprietary, and secret informa□on includes, but is not limited to, informa□on and material rela□ng to past, present, or future Inven□ons, marke□ng plans, manufacturing and product plans, technical specifica□ons, hardware designs and prototypes, business strategies, financial informa□on, forecasts, personnel informa□on, processes, methods, algorithms, and customer lists, and is referred to collec□vely in this Agreement as "Proprietary Informa□on."

a. Confiden□ality of Proprietary Informa□on. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Informa□on in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Informa□on without the wri□en consent of the Company, except as necessary to perform your du□es as an employee of the Company. Upon the cessa□on of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored informa□on, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored informa□on, materials or copies thereof, or maintain access to such documents, informa□on or materials, through online digital storage services, whether on paper, electronic media or storage devices, magne□c or op□cal media, or any other medium, containing any Proprietary Informa□on.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Informa□on of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confiden□al, or proprietary, or secret informa□on of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confiden□al, proprietary or secret informa□on of your former employer(s) or any other person(s) onto the Company's property or place any such informa□on on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflic□ng Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupa□ons, consul□ng or other business ac□vi□es or commitments compe□□ve with or directly related to the Company's business or products, or to its actual or demonstrably an□cipated research or development, nor will you engage in any other ac□vi□es that conflict with your employment obliga□ons to the Company. Ac□vi□es and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflic□ng Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your du□es as a Company employee or your obliga□ons under this Agreement, and you agree not to enter into any such conflic□ng agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to no□fy others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibili□es under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory posi□on, except for employees in a supervisory posi□on in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessa□on of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any ac□on intended to induce Company employees or contractors to terminate their rela□onship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to con□nued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of □me or interferes with or restricts your right or the Company's right to terminate your employment at any □me for any reason and with or without no□ce, or the Company's right to terminate your employment for just cause in accordance with the applicable collec□ve bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sec□ons 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quan□fica□on of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sec□ons 1, 2 or 4 of this Agreement by injunc□on (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addi□on to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be en□tled to its reasonable fees and costs if a court of competent jurisdic□on issues a preliminary or permanent injunc□on against you or a court of competent jurisdic□on finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall con□nue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitra□on or judicial ac□on between the par□es rela□ng to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdic□on of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representa□ves, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obliga□ons hereunder to any successor en□ty to the Company by opera□on of law or otherwise.

d. En□re Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the en□re agreement between you and the Company rela□ng to the subject ma□er of this Agreement. No modifica□on to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effec□ve unless in wri□ng signed by both you and a Company officer. Any subsequent changes in your du□es, salary or compensa□on will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regula□ons of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

/s/ LORI SUTTON
Employee Signature

03/24/2025
Date

Lori Su□on
Employee Name (Print)

Exhibit 10.13

SEVERANCE AGREEMENT AND GENERAL RELEASE

This Severance Agreement and General Release ("Agreement") is between American Water Works Service Company, Inc. ("American Water" or the "Company") and Melanie Kennedy ("Executive").

WHEREAS, Executive is a full-time executive employee of American Water;

WHEREAS, American Water Works Company, Inc. agreed to a separation from service with Executive effective March 1, 2025 (the "Separation Date");

WHEREAS, the Company maintains the American Water Works Company, Inc. Executive Severance Policy (the "Severance Policy") for certain key executives, Executive is an Eligible Executive, as defined and used in the Severance Policy, and Executive is eligible to receive certain severance payments and benefits under the Severance Policy as set forth herein if Executive signs, does not revoke, and fully complies with this Agreement;

WHEREAS, Executive and American Water have agreed to resolve all claims and potential claims which have been, or could have been, brought by Executive against American Water arising out of Executive's employment with American Water to date;

WHEREAS, Executive and American Water desire to enter into this Agreement to document the terms of the separation of Executive's employment with American Water, with the parties agreeing that neither party admits wrongdoing, fault, or liability whatsoever, and that nothing herein shall be construed or interpreted as an admission of any wrongdoing, fault or liability of either party.

NOW THEREFORE, in consideration of the mutual promises and releases contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Termination of Employment.** Effective as of the Separation Date, (i) Executive's employment with the Company and its subsidiaries and affiliates (collectively, the "Company Group") will terminate in all respects, and (ii) Executive will be deemed to have resigned from any officer position with any member of the Company Group.

2. **Consideration.** Provided that Executive timely signs, does not revoke, and remains fully compliant with the terms of this Agreement, the Company will provide Executive with the following payments and benefits (the "Severance Benefits").

    a. Severance. American Water shall pay to Executive:

        i. In accordance with and as calculated pursuant to the Severance Policy, American Water will pay Executive's current base salary in the amount of $487,953 from the Separation Date through the first anniversary of the

Separation Date (the "Severance Period"), which will be paid according to American Water's regular pay schedule beginning with the first regular pay day following the Effective Date, provided that Executive (i) is not in breach of her obligations under this Agreement, and (ii) this Agreement has become effective pursuant to Section 11(g). This payment will be subject to all applicable and lawful withholdings and deductions. The first installment shall include a catch-up for any amounts that would have otherwise been paid from the Separation Date through the Effective Date of the Agreement.

ii. In addition, the Company shall make an additional supplemental cash payment to Executive of $300,000. This additional supplemental cash payment will be subject to all regular lawful withholdings and deductions and shall be paid in a lump sum within sixty (60) days after the Separation Date, provided that this Agreement has become effective pursuant to Section 11(g).

b. Annual Performance Plan Award. In accordance with and as calculated pursuant to the Severance Policy, Executive will receive a pro rata award under the Company's Annual Performance Plan (the "APP"), to the extent such payments are made under the terms of the applicable APP, to be pro-rated based on the period of time between the start of such performance year and the Separation Date (the "Pro Rata Bonus"). The Company will pay Executive the Pro Rata Bonus, less applicable and lawful withholdings and deductions, at the same time other 2025 awards are paid under the APP, but no later than March 15, 2026.

c. Group Health Insurance. If Executive participates in American Water's group health care plan on Executive's Separation Date and Executive timely elects continuing coverage through COBRA, American Water shall pay both employee and employer portions of the costs associated with maintaining this coverage through COBRA for 12 months, retroactive to April 1, 2025, subject to all regular lawful withholdings and deductions to the extent applicable. This coverage will be the same level of health, dental, and vision care that the Executive and Executive's family received immediately prior to the Separation Date. Thereafter, Executive and any eligible dependents will be entitled to continue health care coverage at Executive's sole expense for the remaining balance of the COBRA coverage period. Executive's right to COBRA health care continuation will be set forth in a separate letter.

d. Employee Assistance Program. In accordance with and as calculated pursuant to the Severance Policy, American Water will provide Executive six (6) months of continued access beginning on April 1, 2025 to the American Water Employee Assistance Program for Executive.

3. **Valid Consideration.** Executive acknowledges and agrees that the Severance Benefits: (i) would not be required by the Company's policies or procedures or by any pre-existing contractual obligation of American Water if the Executive did not enter into this

Agreement and provide the Company the release of claims and other commitments set forth herein, (ii) constitute valid consideration for the Executive's promises and obligations under this Agreement, and (iii) represent complete satisfaction of any and all compensation and benefits due to Executive from the Company, including but not limited to, under the Severance Policy (other than any of Executive's accrued benefits that vested prior to the Separation Date or as otherwise provided in Section 9).

4. **Confidentiality; Non-Disclosure; Return of Property; Disparaging Statements; References.**

a. Confidentiality. Executive understands and agrees that the circumstances of Executive's separation and the fact, terms, and contents of this Agreement shall remain confidential and shall not be disclosed by Executive or Executive's agents and representatives, with the exception of: (1) disclosure to members of Executive's immediate family, Executive's attorneys, accountants, tax or financial advisors, each of who shall be informed of this confidentiality obligation and shall agree to be bound by its terms; (2) disclosure to the Internal Revenue Service or state or local taxing authority; (3) disclosure as is expressly required or protected by law; (4) disclosure by American Water or its parent company, American Water Works Company, Inc., through a press release or in a filing with the Securities and Exchange Commission, or to a national stock exchange; (5) any disclosures made by the Executive pursuant to the whistleblower provisions in the Exchange Act (15 U.S.C. § 78u-6) and the Sarbanes Oxley Act of 2002 (18 U.S.C. § 1514A); or (6) in any action to challenge or enforce the terms of this Agreement provided that such disclosure is covered by an appropriate confidentiality order to the maximum extent permitted by the applicable authority. Nothing contained in this Agreement shall preclude Executive from initiating and/or cooperating fully with any governmental investigation. Executive's confidentiality obligation in this Section 4(a) as to the fact, terms, and contents of the Agreement does not apply if the Agreement becomes publicly available without breach of this Agreement.

b. Non-Disclosure of Confidential Information and Trade Secrets. Executive acknowledges that as an employee of American Water, Executive had access to and was entrusted with the Company's confidential and proprietary business information and trade secrets defined in this Section 4(b)(i). At all times prior to, during, and following Executive's separation from employment with American Water, except as provided in Section 10, Executive represents that she has maintained and agrees that Executive will continue to maintain such information in strict confidence and has not disclosed, used, transferred or sold and will not disclose, use, transfer or sell (directly or indirectly) such information to any third party (except as may be required by law or legal process) so long as such information or proprietary data remains confidential and has not been properly and lawfully disclosed or is not otherwise lawfully in the public domain. Executive further agrees that, at the Company's request, Executive will deliver

and/or provide access to any personal computing device, telephone, hard disk, backup tapes, cloud systems, disks or thumb or flash drives for the Company's review and permit the Company to delete all confidential and proprietary business information and trade secrets contained on such devices.

i. Definition of "Confidential and Proprietary Business Information and Trade Secrets". For purposes of this Agreement, "confidential and proprietary business information and trade secrets" includes, but is not limited to, all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer related data, marketing plans and strategies, financial information, documents relating to any of the foregoing, and other written and oral materials (whether computerized or on hard copy) which are related to the business of the Company and the confidentiality of which the Company attempts to maintain with reasonable efforts and which the Company has not released to the general public.

c. Notice of Immunity for Confidential Disclosure of a Trade Secret to an Attorney, the Government or in a Court Filing. Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret under either of the following conditions:

- Where the disclosure is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or
- Where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. 18 U.S.C. § 1833(b)(1).

Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order. 18 U.S.C. § 1833(b)(2).

d. Return of Property. Executive returned to American Water Executive's Company-issued cell phone, access badge, laptop and other computer equipment, and company credit card. Executive represents that Executive has not retained

any copies of any and all property of the Company or Releasees in Executive's possession or control, including (without limitation) all papers, documents, business plans, project or pipeline information, correspondence, and electronic or digitally stored information containing "confidential and proprietary business information and trade secrets" as defined in Section 4(b)(i).

e. Disparaging Statements. Except as provided in Section 10, Executive agrees not to make written (to include online or other written statements) or oral statements about American Water, its affiliates, or any of the other Releasees (as defined in Section 6(a) below) that are negative or disparaging. The Company agrees to instruct the Executive Leadership Team, defined as of the Agreement's Effective Date, not to make written (to include online or written statements) or oral statements about Executive that are negative or disparaging.

f. References. Executive agrees that all requests for references will be directed solely to the attention of Marty Falkenberg, [REDACTED], and if he is no longer employed by the Company, to the Human Resources Department. Upon any request for a reference, per Company policy, the Company will solely confirm Executive's dates of employment with American Water and positions Executive held with American Water.

g. Taxes. As required by law, the Company will issue the appropriate IRS Form(s) at the appropriate time. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable federal, state or local income or employment tax laws or similar statutes or other provisions of law then in effect. Notwithstanding the foregoing, Executive agrees that (i) Executive shall be solely responsible for all taxes, including, but not limited to, income and excise taxes, imposed on Executive in respect of amounts paid to Executive by the Company under this Agreement; (ii) Executive shall not seek reimbursement from the Company for such taxes; and (iii) Executive agrees to and does hereby indemnify and hold the Company harmless against any and all tax liability, interest, and/or penalties.

5. **Non-Solicitation.**

a. Non-Solicitation.

i. Executive agrees that, during the Severance Period, Executive will not, either alone or in association with others, call on, solicit, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to call on or solicit, in any manner, any Client of the Company. "Client" shall mean any corporation, partnership, association, United States military base, or United States (to include federal, state, county or local government) or foreign governmental entity that has or had an account or contract with the Company or any of its

subsidiaries, affiliates or parents during Executive's employment or on the Separation Date regardless of whether Executive has directly worked with such Client.

ii. Executive further agrees that, during the Severance Period, Executive will not directly or indirectly, either alone or in association with others, solicit, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to solicit, any employee, contractor or executive of the Company to leave the employ of the Company, or solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to solicit for employment, hire or engage as an independent contractor, any person who was employed by or contracting with the Company at the time of the termination of Executive's employment with the Company; provided that this clause shall not apply to the solicitation, hiring or engagement of any individual whose employment with the Company has been terminated for a period of six (6) months or longer at the time of such solicitation, hiring or employment. Notwithstanding Section 5, Executive is not subject to any non-compete agreement or restriction.

b. Extension of Restrictions. If Executive violates any of the provisions of this Section 5, the duration of the provisions shall automatically be extended, and Executive shall continue to be bound by the restrictions set forth in Section 5 until a period of twelve (12) months has expired without any violation of such provisions.

c. Interpretation. If any restriction set forth in Section 5 is found by any court of competent jurisdiction to be overbroad, such restriction shall be enforceable to the maximum extend permissible by law.

d. Equitable Remedies. The restrictions contained in this Section 5 are necessary for the protection of the business and goodwill of the Company and are considered by Executive to be reasonable for such purpose. Executive agrees that any breach of this Section 5 is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, Executive agrees that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of a bond or other security and without proving actual damages, as well as to an equitable accounting of all earnings, profits and other benefits arising from any violations of this Agreement, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled, including but not limited to liquidated and punitive damages. Executive further agrees that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a temporary restraining order or preliminary or permanent

injunction against the Executive or a court of competent jurisdiction finds that Executive breached the terms of the Agreement, in whole or in part, even if not all requested temporary restraining order or injunctive relief is granted.

6. **General Release of Legal Claims.**

a. Executive, on behalf of Executive and her heirs, executors, administrators, and/or assigns, does hereby release and forever discharge American Water, together with its parents, subsidiaries, affiliates, predecessors, and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, partners, employees, shareholders, insurers and reinsurers, and employee benefit plans (and the trustees, administrators, fiduciaries, insurers, and reinsurers of such plans), past, present and future, and their heirs, executors, administrators, predecessors, successors, and assigns (collectively, "Releasees"), of and from any and all legally waivable claims, causes of actions, suits, lawsuits, debts, and demands whatsoever in law or in equity, known or unknown, suspected or unsuspected, which Executive ever had, now has or which Executive's executors, administrators, or assigns may have from the beginning of time to the date Executive executes this Agreement, and including, without limitation, any claims arising from or relating to Executive's employment relationship with and compensation by American Water, and the termination of such relationship, including, without limitation, any claims arising under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), ADEA, the Employee Retirement Income Security Act ("ERISA"), the Family and Medical Leave Act ("FMLA"), the ADEA, the OWBPA, New Jersey Law Against Discrimination, the New Jersey Civil Rights Act, the New Jersey Conscientious Employee Protection Act, the New Jersey Discrimination in Wages Law, the New Jersey Security and Financial Empowerment Act, the New Jersey Family Leave Insurance provisions of the New Jersey Temporary Disability Benefits Law, the New Jersey Earned Sick Leave Law, the New Jersey Domestic Partnership Act, the New Jersey Family Leave Act, the New Jersey Wage Payment Law, the New Jersey Wage and Hour Law, the New Jersey Wage Theft Act, the New Jersey Equal Pay Act, the New Jersey False Claims Act, the New Jersey Smokers' Rights Law, the New Jersey Genetic Privacy Act, the New Jersey Fair Credit Reporting Act, the New Jersey Emergency Responders Employment Protection Act, the New Jersey Millville Dallas Airmotive Plant Job Loss Notification Act (the New Jersey WARN Act), the New Jersey Compassionate Use Medical Cannabis Act, the New Jersey Secure Choice Act, the retaliation provisions of the New Jersey Workers' Compensation Law, and any and all other federal, state, or local constitutional, statutory, regulatory, or common law causes of action now or hereafter recognized, and any claims for attorneys' fees and costs. Nothing in this Agreement shall waive rights or claims that arise after the date that Executive executes this Agreement.

b. Notwithstanding the broad scope of Section 6(a), this Agreement is not intended to bar any claims that, as a matter of applicable law, whether by statute or otherwise, cannot be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, and any claims that arise after the date that the Executive executes this Agreement. Nothing in this Agreement is intended to interfere with, prevent or prohibit Executive from making or asserting: (i) any claim or right Executive may have under COBRA; (ii) any claim or right Executive may have for unemployment insurance or workers' compensation benefits; (iii) any claim to vested benefits under the written terms of a qualified employee pension benefit plan; (iv) any medical claim incurred during Executive's employment that is payable under applicable medical plans or an employer-insured liability plan; (v) any claim or right that may arise after the execution of this Agreement; (vi) any claim or right Executive may have under this Agreement; (vii) any claim that is not otherwise waivable under applicable law; or (viii) any claim or right Employee may have as set forth in Section 10, including the right to file a charge with the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), and similar state or local agencies.

c. Nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

7. **Cooperation.** Executive agrees that Executive shall cooperate with the Company or Releasees in the prosecution or defense of any claim currently pending or hereinafter pursued by or against the Company or Releasees without the payment of any additional compensation other than as set forth in this Agreement. Upon receipt of appropriate supporting documentation, American Water shall reimburse Executive for all of Executive's approved and reasonable costs and expenses incurred in connection with such cooperation. In the case of legal proceedings involving the Company or Releasees, to the extent permissible by law and except as set forth in Section 10, Executive will notify, in writing, the individual then holding the office of General Counsel, American Water Works Service Company, Inc., 1 Water Street, Camden, NJ 08102-1658, of any subpoena or other similar notice to give testimony or provide documentation within two (2) business days of receipt of the same and prior to providing any response thereto. Nothing in this Agreement shall preclude Executive from participating in and fully cooperating with any governmental investigation.

8. **Business Expenses and Compensation.** Executive acknowledges and agrees that (i) should Executive execute and not revoke this Agreement, the consideration set forth in this Agreement is in complete satisfaction of any and all compensation and benefits due to Executive from the Company, and that no further payments, compensation, benefits or other amounts are owed or will be paid to Executive by the Company, unless specifically described in this Agreement; (ii) Executive has been reimbursed by American Water for

all business expenses incurred by Executive and that no other reimbursements are owed to Executive; and (iii) Executive has not suffered any on-the-job injury for which Executive has not already filed a claim.

9. **Accrued Benefits.** In addition to the consideration provided under this Agreement, following the Separation Date, Executive will be entitled to receive (i) any accrued, but unused, vacation as of the Separation Date, which will be paid to Executive on the first Company payroll date that follows the Separation Date; and (ii) any accrued or owing, but not yet paid, vested benefits under the Company's 401(k) plan, pension plan, nonqualified deferred compensation plan, and post-employment retirement plan and any other plan in which Executive may have participated, will be paid to Executive at the times provided under such plans. Any restricted stock units and performance stock unit grants that were granted to Executive under the Company's Long Term Performance Plan ("LTPP") that are outstanding as of the Separation Date will be subject to the terms and conditions of the respective grant agreements covering such grants, and accordingly any unvested awards granted under the LTPP will be forfeited without consideration or further action on the part of the Company or Executive.

10. **Permitted Conduct.** Nothing in this Agreement shall prohibit or restrict Executive from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, filing a charge or complaint with, or otherwise participating, testifying, or assisting in any investigation or proceeding by any governmental or regulatory agency, entity, or official(s) including the EEOC, the NLRB, and the Securities and Exchange Commission (collectively, "Governmental Authorities") regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to Executive individually (and not directed to the Company and/or its subsidiaries) from any such Governmental Authorities; or (c) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Executive is not required to advise or seek permission from the Company before engaging in any such activity. Notwithstanding the foregoing, Executive understands and agrees that, pursuant to this Agreement (i) Executive is waiving any right to recover monetary damages or any other form of personal relief from the Company and Releasees in connection with any such charge, complaint, investigation, or proceeding; and (ii) to the extent Executive receives any personal or monetary relief in connection with any such charge, complaint, investigation, or proceeding, the Company and Releasees will be entitled to an offset for the payments, benefits, and other items of value provided for in Section 2 of this Agreement to the fullest extent permitted by law; ***provided, however,*** that this Agreement does not impact Executive's ability to receive and retain an award from a government-administered whistleblower award program for providing information directly to a government agency. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

11. **Acknowledgements.** Executive hereby certifies and acknowledges that:

a. Executive has read the terms of this Agreement and that Executive understands its terms and effects, including the fact that Executive has agreed to **REMISE, RELEASE, AND FOREVER DISCHARGE** Releasees from all claims set forth in Section 6(a);

b. Executive is receiving consideration which is in addition to anything of value to which Executive otherwise would have been entitled had Executive not executed this Agreement;

c. Executive enters into this Agreement knowingly and voluntarily without any coercion on the part of any person or entity;

d. Executive was given adequate time to consider all implications and to freely and fully consult with and seek the advice of whomever Executive deemed appropriate;

e. Executive was advised in writing, by way of this Agreement, to consult an attorney before signing this Agreement;

f. Executive has been given twenty-one (21) calendar days within which to consider this Agreement (the "Consideration Period") and, in the event that Executive signs this Agreement and returns it back to the Company during this Consideration Period, said signing constitutes a knowing and voluntary waiver of this Consideration Period. Executive further understands that any changes to this Agreement, whether material or immaterial, do not restart the Consideration Period;

g. After Executive executes this Agreement, Executive has a period of seven (7) calendar days within which Executive may revoke this Agreement (the "Revocation Period"). If the seventh day is a weekend or national holiday, Executive has until the next business day to revoke. If Executive elects to revoke, Executive shall notify Stacy Mitchell, General Counsel, American Water Works Service Company, Inc., 1 Water Street, Camden, NJ 08102-1658, [REDACTED], in writing of Executive's revocation. Unless revoked within this period, this Agreement becomes effective on the eighth (8^{th}) day after Executive signs the Agreement (the "Effective Date");

h. Executive understands that she will not be entitled to receive the Severance Benefits unless and until (i) Executive executes this Agreement within the Consideration Period, but no earlier than the Separation Date; (ii) the seven (7) day Revocation Period expires without Executive having exercised Executive's

right of revocation; and (iii) Executive has complied with her obligations under the Agreement; and

i. Executive does not waive rights or claims that may arise after the date this Agreement is executed.

12. **Indemnification and Similar Rights.** Nothing contained in this Agreement shall be construed to alter, limit, or release any right to indemnification, advanced payment of expenses, or similar rights that the Executive may have pursuant to the Company's bylaws, other governance instruments, insurance coverage, or applicable law relating to actions by the Executive on behalf of the Company within the scope of and during the course of her employment with the Company.

13. **Section 409A.** To the extent applicable, this Agreement is intended to comply with, or be exempt from, the applicable provisions of section 409(A) of the Internal Revenue Code (the "Code"). Accordingly, all provisions herein are intended to be construed and interpreted to comply with section 409A of the Code or an exemption therefrom. Further, for purposes of section 409A of the Code, it is intended that each payment provided for hereunder, including each payment under a right to receive installment payments, be treated as a separate payment. Executive agrees and understands that neither the Company nor any of the other Releasees (i) have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to section 409A of the Code and (ii) makes or has made any representation, warranty or guarantee to Executive of compliance under section 409A of the Code.

14. **General Terms.**

a. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, two (2) business days after the date when sent to the recipient by reputable express courier service (charges prepaid) or four (4) business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands and other communications shall be sent to Executive and to the Company at the addresses set forth below:

If to Executive:

Melanie Kennedy, at the address on file in the Company's payroll records

If to Company:

Stacy Mitchell
Executive Vice President, General Counsel
American Water Works Service Company, Inc.

1 Water Street
Camden, NJ 08102

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

b. Entire Agreement. This Agreement constitutes and contains the entire agreement and understanding concerning Executive's employment and termination thereof, and the other subject matters addressed herein between the parties and supersedes and replaces all prior negotiations and all prior agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof.

c. Modification. This Agreement can be modified only by a writing signed by both Executive and a named officer of the Company.

d. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the Company and Executive. Executive has not purported to assign any rights or obligations under this Agreement at the time of its execution.

e. Interpretation of Agreement. If any provision of this Agreement or application thereof to anyone under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. Notwithstanding, the foregoing, if the release is deemed unenforceable then Executive shall not be entitled to the consideration provided by this Agreement, which shall be repaid to the Company.

f. Choice of Law and Forum. This Agreement shall be governed by the substantive law of the state of New Jersey without regard to its conflict of law rules.

g. Arbitration. The parties acknowledge and agree that the Company is engaged in interstate commerce. The Federal Arbitration Act applies to this Agreement and shall govern the interpretation, enforcement, and arbitrability of claims under this Agreement. The parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to arbitration in Camden County, New Jersey, to the extent permitted by applicable law ("Covered Claims"). The parties understand and agree that the arbitration shall be conducted by JAMS in accordance with the JAMS Employment Arbitration Rules and Procedures and the JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness in effect at the time the dispute arises to the extent not inconsistent with the terms of this

Agreement ("JAMS Rules"), provided, however, that the arbitrator shall allow the discovery authorized under the governing law as set forth below for a state court proceeding. The arbitrator shall render a written award and opinion. The JAMS Rules may be found on the Internet at www.jamsadr.com. The demand for arbitration must be filed within the statute of limitations applicable to the claim on which arbitration is sought. To the extent permitted by law, all claims covered by this Section 14(g) must be brought and pursued in arbitration on an individual basis, meaning for injuries or violations directly experienced by the parties themselves. The parties waive any right to class or collective procedures, which means that they waive any right to litigate in court or in arbitration on a class or collective basis. The parties agree that they will not submit, initiate, or participate in any litigation on a class or collective basis. The parties also agree that the arbitrator will have no power to adjudicate or award remedies for violations and/or injuries that a party to the arbitration did not directly experience itself. Claims may not be joined or consolidated in arbitration with disputes brought by other individual(s) or for violations suffered by other individual(s), unless agreed to in writing by all parties. Similarly, no arbitration award or decision will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to the arbitration. If, for any reason, any portion of the above waivers of claim joinder and to not proceed on a class/collective basis are held unenforceable or invalid, then a court of competent jurisdiction, not an arbitrator, will decide the claim or portion of the claim which was held unenforceable, provided that if any portion of the waiver remains valid, the claim will be heard and enforced in arbitration. Further, all individual Covered Claims will remain subject to arbitration. Any claim that must be decided in court pursuant to this provision shall be stayed until the arbitration is concluded unless such stay is contrary to applicable law. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The parties agree that the Company will pay reasonable arbitration fees, except that if Executive initiates a claim (other than for non-payment under the Agreement), Executive will pay any required filing fee up to a maximum of either $400 or the amount required to initiate a claim in court (whichever is lower). Each party shall separately pay for its respective counsel fees and expenses. The arbitrator will not have authority to award attorneys' fees unless a statute or contract at issue in the dispute authorizes the award of attorneys' fees to the prevailing party, in which case the arbitrator shall have the authority to make an award of attorneys' fees as required or permitted by applicable law. The parties agree that the Company will have 30 days after the date an invoice is received for amounts owed to the arbitrator to pay arbitration fees that the Company does not contest. As to arbitration fees the Company does contest, the parties agree that the Company must submit a dispute within 30 days after receiving the invoice or it must pay the invoice. Arbitration fees for hearing the dispute will not be due from the arbitration service more than 45 days before commencement of the hearing. The

parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. Notwithstanding the foregoing, this section will not prevent either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of their dispute relating to this Agreement and any agreements incorporated herein by reference. Should any part of the arbitration agreement contained in this section conflict with any other arbitration agreement between the parties, the parties agree that this arbitration agreement shall govern.

Remainder of Page Left Blank Intentionally

The Company and Executive have carefully read and understand all of the provisions of this Agreement. They enter into this Agreement freely, knowingly, and voluntarily. In entering into this Agreement, neither the Company nor Executive is relying upon any representations or promises not expressly set forth in this Agreement. Intending to be legally bound to this Agreement, the Company's representative and Executive sign their names below.

Executive is not permitted to sign this Agreement until March 1, 2025. If Executive signs this Agreement on or before March 1, 2025, it will be disregarded and will need to be re-signed. None of the consideration described in this Agreement will be provided to the Executive unless the Agreement is properly executed.

/s/ STACY MITCHELL	/s/ MELANIE KENNEDY
Stacy Mitchell Executive Vice President General Counsel American Water Works Service Company, Inc.	Melanie Kennedy
Dated: March 22, 2025	Dated: March 14, 2025

[***Severance Agreement and General Release – Signature Page***]

Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026

2.950% Senior Notes due 2027

3.750% Senior Notes due 2028

3.450% Senior Notes due 2029

2.800% Senior Notes due 2030

2.300% Senior Notes due 2031

4.450% Senior Notes due 2032

5.150% Senior Notes due 2034

5.250% Senior Notes due 2035

6.593% Senior Notes due 2037

4.300% Senior Notes due 2042

4.300% Senior Notes due 2045

4.000% Senior Notes due 2046

3.750% Senior Notes due 2047

4.200% Senior Notes due 2048

4.150% Senior Notes due 2049

3.450% Senior Notes due 2050

3.250% Senior Notes due 2051

5.450% Senior Notes due 2054

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)
April 30, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
April 30, 2025