



American Water Announces Common Stock Offering of 2,320,000 Shares

April 11, 2018

Proceeds intended to be used for Pivotal Home Solutions acquisition when final

VOORHEES, N.J.--(BUSINESS WIRE)-- American Water Works Company, Inc. (NYSE: AWK) announced today that it has commenced a registered underwritten offering of 2,320,000 shares of its common stock. Subject to certain conditions, all shares are expected to be offered in connection with the expected execution by the Company of forward sale agreements as discussed below.

J.P. Morgan and Wells Fargo Securities are acting as joint book-running managers for this offering. The underwriters may offer shares of American Water's common stock in transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at either market prices, at prices related to market prices or at negotiated prices.

In connection with the offering, American Water expects to enter into forward sale agreements with affiliates of each of the underwriters, J.P. Morgan Securities and Wells Fargo Securities (the "forward purchasers"), pursuant to which American Water will agree to issue and sell to the forward purchasers (subject to American Water's right to elect cash settlement or net share settlement under the forward sale agreements) 2,320,000 shares of the Company's common stock at the price per share at which the underwriters purchase the shares in the offering, subject to certain adjustments, upon physical settlement of the forward sale agreements. In connection with the forward sale agreements, the forward purchasers (or affiliates thereof) are expected to borrow from third-party lenders and sell to the underwriters 2,320,000 shares of the Company's common stock.

Settlement of the forward sale agreements is expected to occur on or prior to April 11, 2019.

The Company will not receive any proceeds from the sale of the common stock sold by the forward purchasers to the underwriters.

As separately announced today, the Company has agreed to acquire all of the capital stock of Nicor Energy Services Company, doing business as Pivotal Home Solutions. The Company intends to elect full physical settlement of the forward sale agreements described above if it successfully completes this acquisition and to use any net proceeds that it receives upon settlement to fund a portion of the purchase price of this acquisition.

The offering is being made pursuant to American Water's effective shelf registration statement filed with the Securities and Exchange Commission. The preliminary prospectus supplement and the accompanying base prospectus related to the offering will be available on the SEC's website at www.sec.gov. Copies of the preliminary prospectus supplement and the accompanying base prospectus relating to this offering may be obtained from the joint-book running managers for the offering as follows:

J.P. Morgan Securities LLC
c/o Broadridge Financial Solutions
1155 Long Island Avenue
Edgewood, NY 11717
Telephone: (866) 803-9204

Wells Fargo Securities, LLC
Attn: Equity Syndicate Dept.
375 Park Avenue
New York, NY 10152
Email: cmclientsupport@wellsfargo.com
Telephone: (800) 326-5897

This press release does not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any jurisdiction in which the offer, solicitation or sale of these securities would be unlawful prior to registration or qualification under the securities laws of any jurisdiction. The offering of these securities will be made only by means of a prospectus and a related prospectus supplement meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, with respect to the public offering of the Company's securities, the completion of the acquisition described in this press release, the settlement of the forward sale agreements described herein, 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," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2017, 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' actions concerning rates, capital structure, authorized return on equity, capital

investment, system acquisitions, taxes, permitting and other decisions; changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts; limitations on the availability of our water supplies or sources of water, or restrictions on our 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 environmental, health and safety, water quality and emerging contaminants, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms and solar flares; the outcome of litigation and similar governmental proceedings, investigations or actions, including matters related to the Freedom Industries chemical spill in West Virginia and the preliminarily approved global class action settlement agreement related to this chemical spill; our ability to appropriately maintain current infrastructure, including our operational and information technology ("IT") systems, and manage the expansion of our business; exposure or infiltration of our critical infrastructure, operational technology and IT systems, including the disclosure of sensitive or confidential information contained therein, through physical or cyber attacks or other means; our ability to obtain permits and other approvals for projects; changes in our capital requirements; our ability to control operating expenses and to achieve efficiencies in our operations; the intentional or unintentional actions of a third party, including contamination of our water supplies or water provided to our customers; our ability to obtain adequate and cost-effective supplies of chemicals, electricity, fuel, water and other raw materials that are needed for our operations; our ability to successfully meet growth projections for our business and capitalize on growth opportunities, including our ability to, among other things, acquire and integrate water and wastewater systems into our regulated operations, and enter into contracts and other agreements with, or otherwise obtain, new customers in our market-based 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 our operations; our ability to maintain safe work sites; our exposure to liabilities related to environmental laws and similar matters resulting from, among other things, water and wastewater service provided to customers, including, for example, our water service and management solutions that are focused on customers in the natural gas exploration and production market; changes in general economic, political, business and financial market conditions; access to sufficient capital on satisfactory terms and when and as needed to support operations and capital expenditures; fluctuations in interest rates; restrictive covenants in or changes to the credit ratings on us or our current or future debt that could increase our financing costs or funding requirements or affect our ability to borrow, make payments on debt or pay dividends; fluctuations in the value of benefit plan assets and liabilities that could increase our cost and funding requirements; changes in federal or state general, income and other tax laws, including any further rules, regulations, interpretations and guidance by the U.S. Department of the Treasury and state or local taxing authorities related to the enactment of the Tax Cuts and Jobs Act, the availability of tax credits and tax abatement programs, and our ability to utilize our U.S. federal and state income tax net operating loss carryforwards; migration of customers into or out of our service territories; the use by municipalities of the power of eminent domain or other authority to condemn our systems, or the assertion by private landowners of similar rights against us; difficulty or inability to obtain insurance, the inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or an inability to obtain reimbursement under existing insurance programs for any losses sustained; the incurrence of impairment charges related to our goodwill or other assets; labor actions, including work stoppages and strikes; the ability to retain and attract qualified employees; civil disturbances or terrorist threats or acts, or public apprehension about future disturbances or terrorist threats or acts; the impact of new, and changes to existing, accounting standards; the completion of the acquisition described in this press release; our ability to finance the purchase price of the acquisition; our ability to realize any benefits and synergies following the completion of the acquisition; unexpected costs, liabilities or delays associated with the acquisition or the integration of the acquired business; the execution of the forward sale agreements described in this press release; the timing and method of settlement of such forward sale agreements; and the amount and intended use of any proceeds from the settlement of such forward sale agreements.

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, 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 speak only as of the date of this press release. The Company does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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