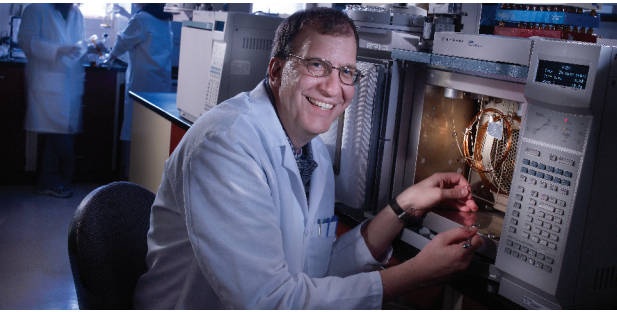


Cutting Edge Research and Expertise

WE ARE A LEADER IN QUALITY AND INNOVATION

At American Water, our mission is to provide safe, clean, affordable and reliable water services to highly satisfied customers. Our cutting edge research is at the core of our know-how, and we are proud to bring our expertise to the cities and communities we serve across the country.



American Water's research team, established more than 30 years ago, has been awarded nearly 80 competitive research grants and granted five U.S. patents based on our research. Our strength as an industry leader comes from the expertise of our people. On the American Water team, you'll find the top innovators in the industry. Scientists, engineers, and technicians all come together for one purpose – to provide high-quality water and wastewater service to our customers everywhere.

ADVANCING RESEARCH THROUGH INNOVATION AND PARTNERSHIPS

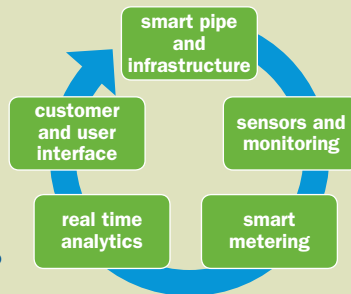
Our research team comprises 20 scientists pursuing research on drinking water quality, wastewater, reclaimed water and desalination. In 2013 alone, the team delivered over \$25 million in value to our operations or about a 10-fold return on investment. American Water's research has resulted in practical applications that have been shared with the water industry through technical reports, presentations, peer-reviewed publications and direct utility consultation.

In 2009, American Water launched its Innovation Development Process (IDP) to assess and bring new innovations to the water industry. More than 600 technologies have been examined through IDP, and a number of these initiatives have been implemented full-scale. Learn more at www.amwater.com.

Smart Water Grid Management

From source to treatment to tap, American Water is investing in smart water management and pioneering a smart water grid. We develop and work with advanced technologies to monitor and control our processes for maximum efficiency and reliability. This includes:

- acoustic leak monitoring • smart water meters •
- GIS mapping • simulation modeling • water quality sensors •
- energy management / use of alternative energy sources •



SURPASSING THE STANDARDS

20x*

better than industry average for compliance with drinking water quality standards

150x*

better than industry average for compliance with drinking water reporting and monitoring requirements

* 2013 data

WE CARE ABOUT WATER. IT'S WHAT WE DO.®



AMERICAN WATER

RESEARCH FACTS AT A GLANCE

Awards Received for Superior Water Quality:

More than 150

Competitive Research Grants Awarded:

Nearly 80

Total Grant Value:

Over \$32 million

U.S. Patents Based on Our Research:

Five

American Water Established Formal Research and Development Program:

1981



RESEARCH LEADS TO RESULTS

Here are two more examples of how our research initiatives are producing results.

NPXpress Goes Global

American Water has been awarded three patents for a technology called NPXpress to reduce aeration energy consumption, which uses the most energy during wastewater treatment, by up to 50 percent and supplemental carbon source by 100 percent. We recently signed a worldwide licensing agreement that enables Abengoa Water to use American Water's patented NPXpress technology. NPXpress will enable Abengoa to achieve wastewater treatment and nutrient removal in a sustainable way. American Water has implemented the technology at seven facilities in the US and is in the process of installing it at additional locations.

Enbala Provides the Power to Save

We also test other technologies. For example, we're currently partnering with ENBALA Power Networks to provide real-time testing of their electric demand management technology at two of our water treatment plants. By connecting our facilities' assets to the Smart Grid through ENBALA, we have been able to generate a new revenue stream and offset high electric costs. For example, a successful pilot program at Pennsylvania American Water's Shire Oaks Pumping Station offset 2-3 percent of the site's total energy bill.

WATER QUALITY AND ENVIRONMENTAL COMPLIANCE

When it comes to complying with strict federal regulations, we've consistently scored among the highest of all water companies.

- We treat and deliver more than 1 billion gallons of water and/or wastewater per day.
- We have achieved greater than 99 percent compliance for meeting state and federal drinking water and wastewater standards for the past several years.
- Nationwide, our local in-house laboratories and other facilities perform more than 1 million water quality tests per year.
- American Water's Central Laboratory in Belleville Illinois is one of the most advanced water quality laboratories in the United States.
- We test for more than 100 regulated contaminants and other "emerging contaminants" that are not currently regulated.
- Our sophisticated analytics and research capabilities are why EPA regularly consults with our research team in developing federal drinking water standards and regulations.



INDUSTRY RECOGNITION

150+ water quality awards

from state and federal regulators, industry organizations for compliance with drinking water quality standards

68 EPA Partnership for Safe Water awards

for voluntarily surpassing drinking water standards



Global Awards

- Global Water Intelligence's Technology Company of the Year Award



National Awards

- American Water Intelligence's Technology Project of the Year Award
- U.S. Water Alliance's U.S. Water Prize
- Environmental Business Journal's Achievement Award (4)
- Climate Change Business Journal's Achievement Award (2)
- Water Research Foundation
 - Research Innovation Award
 - Outstanding Subscriber Award
- U.S. Environmental Protection Agency
 - 68 Partnership for Safe Water Directors Awards
 - Source Water Protection Award
 - WaterSense Excellence Award
 - Region III (Mid-Atlantic) Source Water Protection Award
- National Association of Water Companies' Management Innovation Awards
- Associated General Contractors of America's Special Recognition



State and Local Awards

- Illinois Water Environment Association's Lab Award
- Minnesota Pollution Control Agency's Certificate of Commendation
- Green Technology Magazine's Green California Leadership Awards
- Missouri Water Environment Federation's Biosolids Management Award – Large Facilities
- Arizona Water Association's Water Treatment Plant of the Year – Large System
- Kansas Water Environment Association's Gold Award
- PA Rural Water Association's Source Water System of the Year
- Ventura County CA Chapter, American Public Works Association's Project of the Year, Water/Wastewater category
- Minnesota Pollution Control Agency's Certificate of Commendation

ABOUT AMERICAN WATER

Founded in 1886, American Water is the largest publicly traded U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs approximately 6,600 dedicated professionals who provide drinking water, wastewater and other related services to an estimated 14 million people in more than 40 states and parts of Canada.

Learn more online at www.amwater.com.