AMERICAN WATER WORKS COMPANY, INC.

CORPORATE GOVERNANCE GUIDELINES

The following corporate governance guidelines provide the principles by which the Board of Directors (the “Board”) of American Water Works Company, Inc. (the “Company”) will organize and execute its responsibilities in accordance with the Company’s Certificate of Incorporation, bylaws and the laws and regulations governing the Company and the Board. These guidelines have been developed by the Company’s Nominating/Corporate Governance Committee, which will periodically review these guidelines and recommend to the full Board any changes that they deem necessary or appropriate.

A. GENERAL PRINCIPLES

Each member of the Board shall:

- dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;
- comply with the duties and responsibilities set forth herein and in the Company’s bylaws;
- comply with all duties of due care, loyalty and good faith applicable to directors of a publicly traded Delaware corporation (“Fiduciary Duties”);
- adhere to the Company’s Code of Ethics, including the policies on conflicts of interest contained in it; and
- respond to the shareholders’ need for full and fair disclosure of matters relating to the Company’s business.

Members of the Board must be able to read and understand financial statements and information in order to evaluate the financial performance of the Company.

Members of the Board must be persons of good character and thus must possess all of the following personal characteristics:

- Integrity: Directors must demonstrate high ethical standards and integrity in their personal and professional dealings.
- Accountability: Directors must be willing to be accountable for their decisions as directors.
- Judgment: Directors must possess the ability to provide wise and thoughtful counsel on a broad range of issues.

- Responsibility: Directors must interact with each other in a manner which encourages responsible, open, challenging and informed discussion.
- High Performance Standards: Directors must have a history of achievement which reflects high standards for themselves and others.
- Commitment and Enthusiasm: Directors must be committed to, and enthusiastic about, their performance for the Company as directors, both in absolute terms and relative to their peers.
- Courage: Directors must possess the courage to express views openly, even in the face of opposition.

B. DIRECTOR QUALIFICATION STANDARDS

1. Selection of Directors

The Board is responsible for nominating directors. In nominating a slate of directors, the Board's objective, with the assistance of its Nominating/Corporate Governance Committee, is to select individuals who (i) understand and appreciate the Fiduciary Duties and (ii) possess the skills and experience necessary to discharge those Fiduciary Duties and that can be of assistance to management in operating the Company's business.

When evaluating the recommendations of the Nominating/Corporate Governance Committee, the Board should take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board. The Board, as a whole, should strive to have members with knowledge, experience and skills in the following core competencies: accounting and finance, business judgment, management, crisis response, industry knowledge, utility regulation, leadership and strategy/vision. In addition, consideration is given to whether in light of the Company's strategy or trends in our market environment, new skill sets or experience would benefit the Company. The board seeks to balance the value that longevity of director service can bring to the Company with the value of new ideas and insights that can come through new members.

Upon a change in circumstances, including business or professional affiliations or responsibilities, each director must notify the Chairman of the Board and the Chairman of the Nominating/Corporate Governance Committee in order that the latter may review the appropriateness of that director's continued service on the Board.

Subject to the following sentence, no person who will be at least 75 years old as of the date of an annual meeting of stockholders and is not an employee of the Company may be nominated for election to the Board at such annual meeting or at any special meeting in lieu of such annual meeting. The Board may, in special circumstances and where deemed in the best interests of the Company, grant an exception to this policy (a "special exception"). The Board must determine to make a special exception prior to each ensuing term of a director for which the special exception will be applicable. A director who has reached the age of 75 following his or her most recent election or who continues to serve pursuant to a special exception may continue to serve for the remainder of his or her term.

2. Independent Directors

A majority of the Board shall be “independent”, as defined from time to time by the (i) rules and regulations promulgated by the U.S. Securities and Exchange Commission (the “SEC”), (ii) rules of the New York Stock Exchange, Inc. (the “NYSE”) and (iii) any other law and any other rule or regulation of any other regulatory body applicable to the Company.

3. Board Determination of Independence

No director will be considered “independent” unless the Board affirmatively determines that the director meets the standards promulgated by the SEC and the NYSE and has no other material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In determining “independence”, the Board shall broadly consider all relevant facts and circumstances, as well as any other facts and considerations specified by the rules of NYSE, the rules and regulations of the SEC, by law and by any rule or regulation of any other regulatory body applicable to the Company.

When assessing the materiality of a director’s relationship with the Company, the Board shall consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others).

4. Additional “independence” requirements for Audit Committee membership.

No director may serve on the Audit Committee of the Board unless that director meets all of the criteria established for audit committee service by the rules of NYSE, the rules and regulations of the SEC, any other law and any other rule or regulation of any other regulatory body applicable to the Company.

5. Additional Director Qualifications

The Company shall disclose in its annual proxy statement the Board’s independence determination, including the basis for determining that a relationship, if any, is not material, with respect to each director standing for election and each continuing director. In order to facilitate this disclosure, the Board may adopt categorical standards to assist it in making determinations of independence and may make a general determination that a director meets these standards. The Company will disclose any standards adopted by the Board, but state generally that the independent directors meet these standards without detailing particular aspects of immaterial relationships between individual directors and the Company. Any determination of independence for a director who does not meet these standards must be specifically explained.

6. Disclosure of Independence Determinations

No director may serve on the board of directors of more than two other public corporations without the prior approval of the Nominating/Corporate Governance Committee. No director may serve on the audit committees of more than two other public corporations without the prior approval of the Nominating/Corporate Governance Committee.

7. Advance Resignation and Majority Voting

Prior to any meeting of stockholders for the election of directors (commencing with the 2011 annual meeting of stockholders), each incumbent director nominee shall submit a contingent resignation in writing to the Chairman of the Board or the Secretary to address majority voting in director elections. The resignation becomes effective only if the director fails to receive a sufficient number of votes for re-election at an annual or special meeting of stockholders at which a quorum is present and the Board accepts the resignation.

C. DIRECTOR RESPONSIBILITIES

1. Board Meetings

The Board shall meet as frequently as needed for directors to properly discharge their responsibilities. Regular meetings of the Board shall be held at least once in each fiscal quarter and at such other times as the Board deems appropriate. Special meetings of the Board shall be held as required. All directors are expected to participate, whether telephonically or in person, in all Board meetings, review relevant meeting materials in advance of meetings, serve on Board committees, and prepare appropriately for meetings and for discussions with management. Each director shall devote the time and attention necessary to properly discharge his or her responsibilities as director. Every effort should be made to schedule meetings sufficiently in advance to ensure maximum attendance at each meeting.

2. Conduct of Meetings

General

Meetings of the Board and its Committees shall be conducted in a manner that ensures open communication among their members, meaningful participation by them and timely resolution of issues. Management and committees of the Board shall take all appropriate measures to provide directors with materials concerning matters to be acted upon at least seven days in advance of the applicable meeting. Directors shall review such materials prior to the applicable meeting.

Chairman

The Board shall, on at least an annual basis, select the Chairman of the Board from among the members of the Board who have been determined by the Board of Directors to be “independent”. The Chairman shall also be Chairman of any Executive Committee of the Board. The Chairman shall be responsible for:

- setting the agenda for meetings of the Board, and presiding over meetings at which the Chairman of the Board is present;
- coordinating the work of the committees of the Board;
- overseeing the distribution by the Company’s Secretary of materials to the members of the Board; and
- performing such other duties as the Board may, from time to time, require to assist the Board in the fulfillment of its duties.

If the Chairman of the Board ceases to be “independent”, the Board shall select another Chairman of the Board from among the members of the Board who are determined by the Board at that time to be “independent”. The Chairman of the Board may be removed as Chairman of the Board at any time by a majority of the members of the Board.

The Company will provide the Chairman of the Board with adequate staff and resources, as the Nominating/Corporate Governance Committee may determine appropriate for the discharge of his or her duties.

The Compensation Committee shall recommend, and the Board shall determine, the compensation for the Chairman, and other members of the Board. That compensation should reflect the commitment of time and energies necessary to properly discharge their duties while not compromising their independence.

3. Executive Sessions of Directors

At each regular meeting of the Board, the "non-management directors" (as defined by the NYSE corporate governance listing standards) shall hold executive sessions at which management, including the CEO, is not present.

4. Communications with Non-Management Directors

In order that interested parties may be able to make their concerns known to the non-management directors, the Board shall specify, and the Company shall disclose in accordance with SEC rules, a means for shareholders, employees and other interested parties to communicate with the Chairman of the Board or with the non-management directors of the Company as a group.

D. BOARD COMMITTEES

1. Number, Structure and Independence of Committees

The Board of Directors shall have an Audit Committee, Compensation Committee, Finance Committee and Nominating/Corporate Governance Committee. The Board may also constitute as and when it deems appropriate, an Executive Committee and such other committees as it may determine appropriate. The Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee shall consist of that number of independent directors as set forth in the charter adopted by the Board for each committee. The Board shall select the directors to serve on each committee, giving consideration to the independence and other requirements of the NYSE, the SEC, any other applicable law or any rule or regulation of any other regulatory body applicable to the Company and the recommendations of the Nominating/Corporate Governance Committee. The members of each committee of the Board of Directors may be removed, with or without cause, by a majority vote of the Board of Directors.

2. Responsibilities

The responsibilities of each committee of the Board shall be set forth in a charter for each such committee adopted by the Board. The charters for each of the Nominating/Corporate Governance Committee, Compensation Committee and Audit Committee shall include, at a minimum, those responsibilities required to be set forth therein by the rules of the NYSE and the rules and regulations of the SEC.

E. DIRECTOR ACCESS TO MANAGEMENT, EMPLOYEES AND INDEPENDENT ADVISORS

1. Board Access to Management and Employees

Directors shall have complete access to the Company's management and employees in order to become and remain informed about the Company's business and for such other purposes as may be helpful to the Board in fulfilling its responsibilities. Directors are expected to use judgment to be sure that this contact is not distracting to the business operations of the Company and that the CEO is appropriately informed of any such contacts.

Furthermore, the Board encourages management to, from time to time, have managers attend Board meetings who (a) can provide additional insight into the items being discussed at the meeting because of responsibility for and/or personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

2. Director Access to Independent Advisors

Each Board committee shall have the sole authority to retain its own outside counsel, consultants and other professionals to advise them in the discharge of their duties. The standards for such retention shall be set forth in the respective committee charters.

3. Funding for Committee Advisors

The Company shall provide appropriate funding, (a) as determined by the Audit Committee, for payment of compensation: (i) to the registered public accounting firm (independent auditor) employed by the Company for the purposes of rendering an audit report and (ii) to any other advisers employed by the Audit Committee, and (b) as determined by the Nominating/Corporate Governance Committee and the Compensation Committee, respectively, to any advisers employed by such committees.

F. DIRECTOR COMPENSATION

1. Compensation Generally

At least annually, the Board shall review, considering the recommendations of the Compensation Committee, director compensation (including additional compensation for committee members) in comparison to corporations that are similarly situated to ensure that such compensation is reasonable, competitive and customary. The Company shall disclose its policy regarding compensation for directors in its annual proxy statement. Directors should be awarded compensation sufficient to compensate them for the time and effort they expend to fulfill their duties. In particular, no member of the Audit Committee may receive, directly or indirectly, any compensation from the Company other than (i) fees paid to directors for service on the Board (including customary perquisites and other benefits that all directors receive), (ii) additional fees paid to directors for service on a committee of the Board, as Chairman of the Board or as the chairman of any committee and (iii) a pension or other deferred compensation for prior service that is not contingent on future service on the Board.

2. Other Compensation

At least annually, the Board shall review and critically evaluate any charitable contributions to be made by the Company to organizations with which any director is affiliated. In addition, the Board shall review and critically evaluate, at least annually, all consulting contracts with, or other arrangements that provide other indirect forms of compensation and reimbursement of reasonable expenses to, any director or former director.

3. Stock Ownership

As part of a director's total compensation and to more closely align the interests of directors and the Company's shareholders, the Board believes that a meaningful portion of a director's compensation may be paid in some form of equity of the Company.

G. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Company shall establish an orientation program for all new directors in order to ensure that the Company's directors are fully informed as to their responsibilities and the means at their disposal for the effective discharge of those responsibilities. The orientation program shall, at a minimum, familiarize new directors with the Company's (i) strategic plans, (ii) financial control systems and procedures and any significant financial, accounting and risk-management issues, (iii) compliance programs, including with the SEC reporting obligations and NYSE corporate governance listing standards, (iv) Code of Ethics, (v) principal officers and (vi) internal and independent auditors. All directors shall be periodically introduced to such management and other personnel, and representatives of the Company's outside legal, accounting and other outside advisors as is appropriate to familiarize them with the resources available to them. While directors are encouraged to attend a continuing education program once every year, each director shall be required every three years to attend a continuing education program for directors approved and recommended by the Nominating/Corporate Governance Committee.

H. MANAGEMENT SUCCESSION AND DEVELOPMENT

A primary responsibility of the Board is planning for CEO and executive officer succession. The Board is responsible for the succession plan of the CEO and works with the CEO on executive officer development and succession planning for other corporate executive officer positions to provide for continuity in executive management.

The CEO shall annually submit a succession plan for the CEO and other executive officers to the Board for its review. The succession plan covers identification and assessment of internal candidates, development plans for internal candidates, and, as appropriate, identification of external candidates. The criteria used to assess potential CEO candidates are formulated by the Board based on the Company's business strategies, and include experience, strategic and leadership qualities. The Board's deliberation on CEO succession shall include an emergency succession plan which addresses temporary delegation of authority if an unforeseen event such as death or disability occurs that prevents the CEO from continuing to fulfill the role.

The Board may review development and succession planning more frequently as it deems appropriate.

I. ANNUAL PERFORMANCE EVALUATIONS

1. Evaluation of the Board

The Nominating/Corporate Governance Committee shall coordinate an annual evaluation of each Director, the Board as a whole and its committees to determine whether they are functioning effectively and meeting their objectives and goals. The Nominating/Corporate Governance Committee shall solicit comments from all Directors, executive officers and any other persons it deems appropriate and shall annually prepare a report to the Board containing an assessment of the Board's structure, organization, policies, performance, effectiveness and contribution to the Company and indicating specific areas in which the Board could improve. This report shall be reviewed and discussed with the full Board following the end of each fiscal year.

2. Evaluation of CEO and the Chairman

The Compensation Committee shall establish policies, principles and procedures for the evaluation of the CEO. The Nominating/Corporate Governance Committee shall establish policies, principles and procedures for the evaluation of the Chairman. The evaluations shall be made annually under the oversight of the applicable committee. Such evaluations shall be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives and development of management.

J. INTERNAL AUDIT

The Company shall have an internal audit department. The director of internal audit shall report directly to the Audit Committee.

K. BUSINESS CODE OF ETHICS

The Board has established and is responsible for maintaining the Company's Code of Ethics, which covers, among other things, the Company's policies concerning:

- Conflicts of interest;
- Corporate opportunities;
- Confidentiality;
- Fair dealing;
- Protection and proper use of Company assets, including brand equity;
- Compliance with laws, rules and regulations; and
- Encouraging the reporting of any illegal or unethical behavior.

The Board will periodically review and evaluate, considering the recommendations of the Audit Committee, the Code of Ethics and make such changes therein as it finds to be necessary or appropriate.

Any waivers of any provisions of the Code of Ethics for members of the Board or members of management may be made only by the Board or a committee to which the Board has delegated such authority, and any such waivers shall be timely reported or disclosed in such manner as may be required by the SEC or the NYSE.

L. LOANS TO DIRECTORS

The Company may not, directly or indirectly, including through a subsidiary, extend or maintain credit, or arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any of the Company's directors or executive officers.

M. DISCLOSURE OF GUIDELINES

These guidelines shall be made available on the Company's website.

N. DATE OF ADOPTION

These guidelines were adopted by the Board effective October 17, 2007 and amended on March 20, 2009, November 6, 2009, January 4, 2010, April 30, 2013 and February 21, 2014.

O. COMPLIANCE

The Board, as a whole, and each of the individual members of the Board shall be in compliance with the provisions of these guidelines, to the extent practical, upon their adoption and, in any case, within 30 days of the date upon which the Company's securities are registered under the Securities Exchange Act of 1934 as amended.