

**Pennsylvania-American Water Company
Exeter Wastewater System
Wastewater System
Investor-Owned Utility
As of January 1, 2018**

Market Approach Summary

| | Book Ratios | Purchase Price to Depreciated Original Cost (Book Value) | Indicated Market Value |
|--|--|---|---------------------------|
| Comparable Sales | | | |
| Depreciated Original Cost (AUS Consultants) OCLD | 40,057,633.92 | 1.5819 | 63,367,171 |
| Replacement Cost New less Depreciation RCNLD | 99,589,818.55 | 0.9516 | 94,769,671 |
| Average | | | 79,068,421 |
| Use (RCNLD) | | | 94,769,671 |
| Financial Markets | Market Value per Share to Book Value per Share | | |
| Market to Book (equity) | 2.61 | | |
| Market to Book (equity and debt) | 1.77 | | |
| Use (equity and debt) | 1.77 | | |
| Market Conclusion | Investor Purchaser Owned Value to Depreciated Original Cost (Book Value) | | |
| Exeter Wastewater System | Exeter Wastewater System | | |
| AUS Depreciated Original Cost | 40,057,634 | 1.77 | 70,902,012 |
| Market Value | | | Indicated Valus \$s |
| Minimum | | | 63,367,171 |
| Mean | | | 76,346,285 |
| Median | | | 70,902,012 |
| Maximum | | | 94,769,671 |
| Use (RCNLD) | | | 94,769,671 |