

American Water Works (AWK)

\$134.13 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$138.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/19/21)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: D

Value: D

Growth: C

Momentum: B

Summary

American Water Works benefits from contributions coming from organic, inorganic assets and consistent returns from American Water's military contracts, which are contributing to its revenue growth. New water and wastewater rates implemented in its service region are also boosting performance. American Water's new merger agreement with Essential Utilities will create a large water utility with regulated footprints in 17 states. Our model projects total revenues to improve year-over-year in 2025 to 2027 period. Yet, the stock has underperformed its industry in the past six months. Demand for water keeps changing with weather conditions and its operations are subject to stringent regulations. The timely approval of rate cases is a concern. Pipeline breaks and related contamination are other headwinds.

Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$155.50 - \$118.74
20 Day Average Volume (sh)	2,248,090
Market Cap	\$26.2 B
YTD Price Change	7.7%
Beta	0.76
Dividend / Div Yld	\$3.31 / 2.5%
Industry	Utility - Water Supply
Zacks Industry Rank	Bottom 29% (172 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Last EPS Surprise	2.1%
Last Sales Surprise	9.6%
EPS F1 Est- 4 week change	0.1%
Expected Report Date	02/18/2026
Earnings ESP	-1.2%

Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1,146 E	1,277 E	1,453 E	1,235 E	5,110 E
2025	1,142 A	1,276 A	1,451 A	1,202 E	5,071 E
2024	1,011 A	1,149 A	1,323 A	1,201 A	4,684 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1.10 E	1.60 E	2.03 E	1.38 E	6.11 E
2025	1.05 A	1.48 A	1.94 A	1.26 E	5.73 E
2024	0.95 A	1.42 A	1.80 A	1.22 A	5.39 A

*Quarterly figures may not add up to annual.

P/E TTM	23.6
P/E F1	23.4
PEG F1	3.6
P/S TTM	5.2

(1) The data in the charts and tables, except the estimates, is as of 12/15/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/02/2025.

Overview

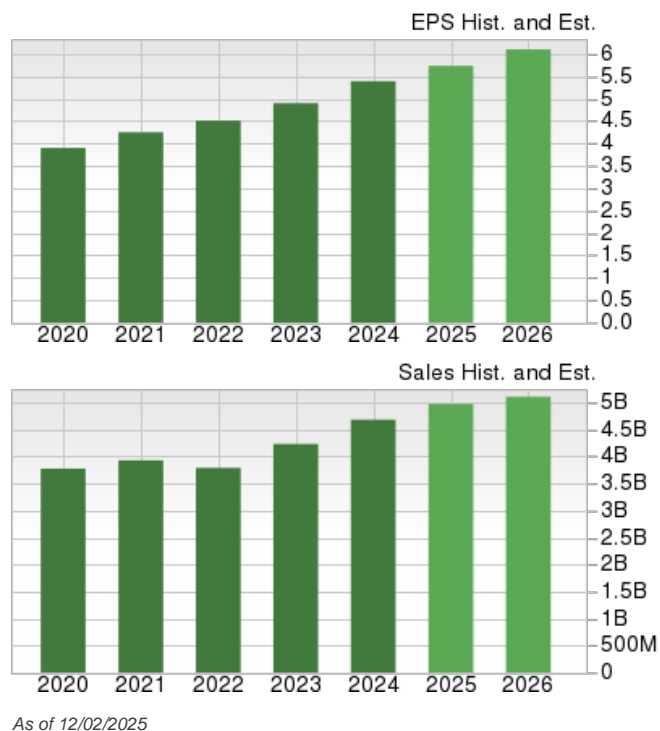
The water supply and wastewater service provider, American Water Works Company, was founded in 1886. It provides essential water services to more than 14 million customers in 24 states and has an employee strength of 6,700. The company also acquires small water service providers to expand its customer base. As of Feb. 10, 2025, there were 194,947,313 shares of the company's outstanding common stock.

American Water Works' contracts with the U.S. government for work on various military installations, which will expire between 2051 and 2073, have remaining performance obligations (RPOs) of \$7.4 billion as of Dec. 31, 2024, as measured by estimated remaining contract revenues. Contracts with municipalities and commercial customers, that will expire between 2026 and 2038, have RPOs of \$612 million as of Dec 31, 2024, which indicates that the company has a very strong long-term revenue base.

American Water Works operates a large water and wastewater infrastructure to efficiently serve the expanding customer base in the United States. It operates 80 surface water treatment plants, 520 groundwater treatment plants, 190 wastewater treatment plants, 54,500 miles of transmission, distribution and collection mains and pipes, 1,200 groundwater wells, 1,800 water and wastewater pumping stations, 1,100 treated water storage facilities as well as 75 dams. The company has a systematic capital investment plan to further strengthen its existing operations.

American Water Works primarily operates through the Regulated Businesses segment. This segment's operating revenues were \$4.29 billion, \$3.9 billion, and \$3.5 billion accounting for 92%, 93% and 92% of the company's total operating revenues for 2024, 2023, and 2022 respectively.

In February 2015, the company's board of directors authorized an anti-dilutive stock repurchase program., This allows the company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. As of Dec. 31, 2024, there were 5.1 million shares of common stock available for purchase under the program.



Reasons To Buy:

- ▲ American Electric Power has entered into an agreement with Essential Utilities to merge with the latter in an all-stock deal that will create a public water utility worth about \$40 billion. The merger is subject to necessary permission and expected to close during the first quarter of 2027. The combined company will be known as American Water and have operations in 17 states, with long-term contracts with 18 military installations.

Essential Utilities shareholders will receive 0.305 shares of American Water for each share they own. American Water shareholders will own about 69% and Essential shareholders will own nearly 31% of the combined company once the merger is complete. The combined company will extend high-quality services to the customers and operate in the regions, which have scope for growth.

Planned capital investment, expansion of its customer base through organic and inorganic initiatives, cost management and military contracts will drive the company's long-term growth.

- ▲ A significant portion of the water and wastewater infrastructure across the United States is approaching the end of its effective service life, making consistent and strategic investment crucial to ensure continued reliability and performance. American Water Works has been actively investing to upgrade, expand and maintain its extensive network of water and wastewater systems. In 2025, the company plans to allocate \$3.3 billion toward strengthening and expanding this infrastructure, with the majority of the funds directed toward improvements within its Regulated Businesses. Looking ahead, the company intends to invest between \$19 billion and \$20 billion over the 2026-2030 period and approximately \$46 billion to \$48 billion between 2026 and 2035. Once American Water Works and Essential Utilities merge, these long-term capital expenditures will change.

Nearly 100% of its net income is generated from regulated operations and American Water Works' focus on expanding regulated operations through capital investments is yielding stable returns. This has allowed the company to increase the value of its shareholders. The company expects its earnings and dividend per share to increase in the range of 7-9% in the long term.

- ▲ American Water Works has been benefiting from a rate increase. The new rates, effective since Jan. 1, 2025, will add \$270 million to the company's annual revenues in 2025. The pending rate cases, as of Jan. 1, 2025, if approved without any changes, can increase revenues by another \$126 million. The ongoing expansion of the rate base will have a positive impact on its earnings in the long term. The company expects to witness a rate-based CAGR of 8-9% for 2024-2034.

American Water Works currently has partial decoupling in California, but again, is requesting full decoupling to promote affordable rates for customers in California and conservation.

- ▲ The company is expanding its customer base through organic initiatives and acquisitions. In 2024, it completed 13 acquisitions, which added 69,500 customers. Including customers added through acquisitions, the company added 90,000 customers to its existing base. American Water Works completed 12 acquisitions in five states as of Oct. 29, 2025, adding 17,500 new customers. The pending 22 acquisitions (as of Oct. 29, 2025), when completed, will add another 60,100 customers to its customer base. In addition, American Water Works expects to close the acquisition of Nexus Water Group Systems by August 2026, which will further expand its operations in eight states. The strategic acquisitions allow the company to get fresh demand for its services and expand the revenue stream.

The company remains committed to expanding its business through inorganic and organic means. American Water continues to focus on the acquisition of utilities that provide services to 5,000-50,000 customers. The company is also open to large acquisitions if an opportunity arises. Taking into account the positive initiatives our model projects total revenues to increase year-over-year by 8.3%, 0.8% and 5.8% in 2025, 2026 and 2027 respectively.

- ▲ American Water Works currently provides services to 18 Military installations across the United States, which includes its first contract to provide services to the U.S. Navy base. These stable contracts will allow the Military Services Group to contribute and boost earnings. Given the company's expertise in providing efficient services to 12 Army, 5 Air Force and 1 Navy bases in the United States, American Water Works will clinch more contracts from the additional 70 military installation opportunities.

At present, the company is actively pursuing other military contracts and exploring opportunities to upgrade the contract it has on existing bases. If American Water Works succeeds in winning more military deals, the top line will be strengthened further.

- ▲ American Water Works has ample liquidity to meet its debt obligations. As of Sept. 30, 2025, the total liquidity of the company is \$1.82 billion, which is sufficient to meet short-term debt obligations.

The time-to-interest earned ratio at the end of the second quarter of 2025 was 3.5. This indicates that it has enough financial strength to meet interest obligations without any difficulty. The reduction in interest rates and the possibility of further decline in interest rates will reduce the total outflow for its capital projects and boost margins.

Reasons To Sell:

- ▼ Additions and improvements in the existing water infrastructure require huge capital investments. A major portion of the existing water lines and mainline are nearing the end of their effective usage life. The company plans to invest billions of dollars over the long term to maintain the integrity of its systems. If the company fails to secure desired rate revisions in a timely manner from the commission, its margins could be hampered..

American Water Works' operations are heavily regulated by state Public Utility Commissions (PUCs) and other oversight agencies, which have a substantial impact on its business operations, financial condition, results and cash flow. Regulated Businesses may also face fines, penalties, or other sanctions if they fail to comply with these regulatory standards. Shares of American Water Works have lost 7.6% in the past six months against the Zacks Utility Water Supply industry's 2.8% rally.

- ▼ It intends to improve the quality of buried water pipelines and for that, the utilities need in excess of \$1 trillion to fund their systems in the next 25 years. Any downgrade in the company's credit ratings might make it difficult for American Water to get the necessary or desired amount to fund capital improvements on favorable terms.

- ▼ Weather plays a significant role in the demand for fresh water and wastewater services. Demand for water during the warmer months, primarily the summer season, is generally higher than during other months due to increased water usage for irrigation systems, swimming pools, cooling systems and other applications. Mild summer weather and more rainfall than average can reduce the demand for water and adversely impact revenues as all of which may not be fully recoverable in rates or otherwise.

The existing water system in the United States is getting older and is susceptible to failure at some point in time despite ongoing repairs and overhauls. The network of water and wastewater pipes and water reservoirs could result in losses and damages that may affect American Water Works' financial condition.

- ▼ The risk of contamination of water supplied by the company is a concern and could lead to interruption of services provided to customers and result in losses and damages that affect its financial condition and reputation.

Fluctuating weather patterns, risk of failure of old pipelines, and the possibility of contamination are persistent headwinds.

Last Earnings Report

American Water Works Q3 Earnings Beat Estimates, Revenues Up Y/Y

American Water Works Company reported third-quarter 2025 earnings per share (EPS) of \$1.94, which beat the Zacks Consensus Estimate of \$1.90 by 2.1%.

The bottom line improved 7.8% from the year-ago quarter's level of \$1.80, driven by higher year-over-year revenues and operating income growth.

Total Revenues of American Water

American Water's total quarterly revenues of \$1.45 billion surpassed the Zacks Consensus Estimate of \$1.32 billion by 19.6%. The top line also increased 9.8% from the year-ago figure of \$1.32 billion, driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments.

American Water's Segmental Details

Regulated businesses' net revenues were \$1.34 billion, up 10.2% year over year.

Others' net revenues were \$108 million, up 3.8% year over year.

Highlights of American Water's Q3 Release

Total operating expenses for the third quarter were \$837 million, up 7.3% from the year-ago quarter's \$780 million, on account of an increase in employee-related costs and technology-related costs, as well as general taxes associated with increased capital investment, and other operation and maintenance costs related to acquisitions closed in 2024.

The operating income totaled \$614 million, up 13.1% from the year-ago figure of \$543 million.

The company entered into equity forward sale agreements in August 2025, with expectations to draw down total net proceeds of approximately \$1.15 billion in mid-2026.

Financial Highlights of American Water

Cash and cash equivalents amounted to \$166 million as of Sept. 30, 2025, compared with \$96 million as of Dec. 31, 2024.

Total long-term debt was \$13.02 billion as of Sept. 30, 2025, up 4% from \$12.51 billion as of Dec. 31, 2024.

For the nine months of 2025, AWK's cash flow from operating activities amounted to \$1.40 billion as of Sept. 30, 2025, compared with \$1.41 billion as of Sept. 30, 2024.

Merger Announcement

Along with its third-quarter results release, the company mentioned its recently signed merger agreement with Essential Utilities, Inc., which was announced on Oct. 27, 2025. This merger is projected to create a leading regulated U.S. water and wastewater public utility, with a pro forma enterprise value of approximately \$63 billion.

Under the terms of the agreement, Essential shareholders will receive 0.305 shares of American Water for each share they own, representing a 10% premium and resulting in current American Water shareholders owning approximately 69% of the combined company.

American Water's Long-Term Guidance

American Water reiterated its 2025 EPS guidance in the range of \$5.70 to \$5.75. The Zacks Consensus Estimate of \$5.72 per share lies just below the midpoint of the company's guided range.

For 2026, the company expects to generate EPS in the range of \$6.02 to \$6.12. The Zacks Consensus Estimate of \$6.14 per share lies above the company's guided range.

American Water plans to invest \$3.7 billion in 2026. In terms of its long-term capital expenditure plan, American Water expects to invest \$19-\$20 billion during 2026-2030 and \$46-\$48 billion during 2026-2035

Over the long run, most of its outlook remains unchanged. The company still expects its long-term EPS and dividend growth to be 7-9% and rate base growth to be 8-9%.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	9.61%
EPS Surprise	2.11%
Quarterly EPS	1.94
Annual EPS (TTM)	5.69

Recent News

On **Oct. 27, 2025** American Electric Power announced that it has entered into an agreement with Essential Utilities to merge with the latter in an all-stock deal that will create a public water utility worth about \$40 billion. The merger is subject to necessary permission and expected to close during the first quarter of 2027. The combined company will be known as American Water and have operations in 17 states, with long-term contracts with 18 military installations.

On **Oct 7, 2025**, American Water Works unit New Jersey American Water announced that it has completed its acquisition of the water system of South Orange Village for \$19.7 million. This acquisition will add 5,000 new water customer connections and the company intends to invest \$50 million to upgrade the infrastructure in next 10 years.

Valuation

American Water Works Company, shares are down 7.6% in the past six months period, and down 1.9% over the trailing 12-month period. Stocks in the Zacks sub-industry is up 2.8% and the Zacks Utility sector was up 9.7% in the past six months period. Over the trailing 12-month period, the Zacks sub-industry is up 8.6% and sector was up 13.7%

The S&P 500 index is up 17% in the past six months period and up 15.5% in the trailing 12-month period.

The stock is currently trading at 21.59X forward 12-months earnings, which compares with 18.83X for the Zacks sub-industry, 16.32X for the Zacks sector and 23.41X for the S&P 500 index.

Over the past five years, the stock has traded as high as 43.29X and as low as 20.88X, with a 5-year median of 28.89X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$138 price target reflects 22.74X forward 12-months earnings.

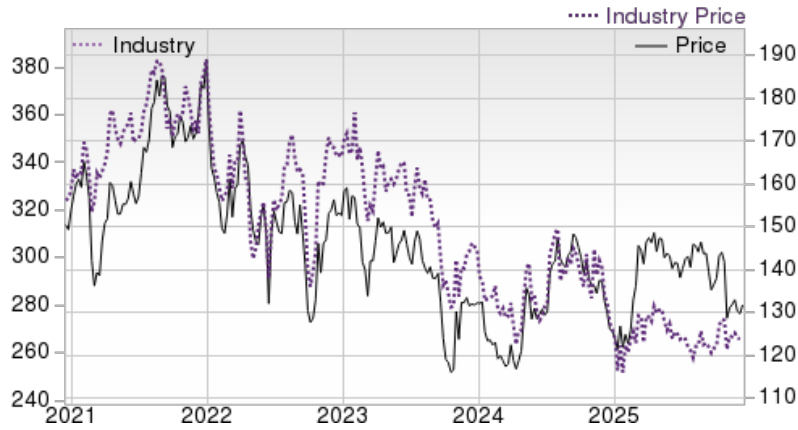
The table below shows summary valuation data for AWK.

Valuation Multiples - AWK					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.59	18.83	16.32	23.41
	5-Year High	43.29	22	17.86	23.82
	5-Year Low	20.88	13.16	13.13	15.73
	5-Year Median	28.89	17.55	15.88	21.19
P/S F12M	Current	5.01	7.55	3.08	5.29
	5-Year High	8.69	9.57	3.24	5.5
	5-Year Low	4.85	5.92	2.28	3.83
	5-Year Median	6.5	7.77	2.72	5.04
P/B TTM	Current	2.34	2.72	3.14	8.47
	5-Year High	5.12	4.74	3.28	9.16
	5-Year Low	2.22	2.46	2.38	6.6
	5-Year Median	2.98	3.32	2.87	8.04

As of 12/01/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 29% (172 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Artesian Resources C...(ARTNA)	Neutral	3
American States Wate...(AWR)	Neutral	2
California Water Ser...(CWT)	Neutral	4
Global Water Resourc...(GWRS)	Neutral	4
H2O America (HTO)	Neutral	3
Middlesex Water Comp...(MSEX)	Neutral	4
Essential Utilities ...(WTRG)	Neutral	3
The York Water Compa...(YORW)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Utility - Water Supply

	AWK	X Industry	S&P 500	CWT	MSEX	WTRG
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	3
VGM Score	D	-	-	B	F	D
Market Cap	26.17 B	774.87 M	39.20 B	2.61 B	973.19 M	10.87 B
# of Analysts	6	2	22	3	2	3
Dividend Yield	2.47%	2.59%	1.4%	2.74%	2.71%	3.57%
Value Score	D	-	-	C	D	C
Cash/Price	0.01	0.01	0.04	0.05	0.00	0.00
EV/EBITDA	14.61	13.77	14.73	9.17	14.16	14.90
PEG Ratio	3.59	3.79	2.24	2.15	3.79	NA
Price/Book (P/B)	2.40	2.15	3.35	1.53	2.02	1.60
Price/Cash Flow (P/CF)	14.22	13.09	15.24	8.01	13.09	11.59
P/E (F1)	23.21	22.28	19.90	18.88	22.20	18.30
Price/Sales (P/S)	5.16	4.54	3.09	2.60	5.00	4.57
Earnings Yield	4.28%	4.49%	5.01%	5.30%	4.50%	5.46%
Debt/Equity	1.19	0.81	0.57	0.65	0.73	1.13
Cash Flow (\$/share)	9.44	2.78	8.99	5.47	4.05	3.32
Growth Score	C	-	-	C	F	D
Hist. EPS Growth (3-5 yrs)	7.70%	5.16%	8.16%	3.60%	1.25%	6.52%
Proj. EPS Growth (F1/F0)	6.31%	2.14%	8.57%	-28.62%	-3.24%	6.60%
Curr. Cash Flow Growth	11.59%	10.56%	6.75%	85.51%	18.74%	8.14%
Hist. Cash Flow Growth (3-5 yrs)	8.29%	8.42%	7.43%	15.95%	7.21%	16.74%
Current Ratio	0.42	1.16	1.18	0.55	0.42	0.60
Debt/Capital	54.42%	44.69%	38.01%	39.33%	41.98%	53.02%
Net Margin	21.93%	21.33%	12.78%	13.61%	22.08%	28.09%
Return on Equity	10.48%	9.45%	17.00%	8.23%	9.38%	10.20%
Sales/Assets	0.15	0.15	0.53	0.19	0.15	0.13
Proj. Sales Growth (F1/F0)	8.30%	4.37%	5.77%	-2.60%	2.60%	13.20%
Momentum Score	B	-	-	A	B	C
Daily Price Chg	1.96%	0.70%	-0.16%	-0.82%	0.04%	1.26%
1 Week Price Chg	1.58%	1.05%	-0.44%	-1.58%	2.20%	-0.13%
4 Week Price Chg	1.09%	0.66%	2.16%	-3.65%	2.81%	-3.78%
12 Week Price Chg	-0.68%	3.13%	1.83%	-3.50%	-0.77%	3.75%
52 Week Price Chg	4.05%	-3.48%	12.22%	-9.43%	-10.40%	0.21%
20 Day Average Volume	2,248,090	211,302	2,744,252	457,362	147,109	2,125,328
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 12 week change	0.47%	0.35%	0.69%	-3.60%	-3.24%	-0.24%
(Q1) EPS Est Mthly Chg	-0.39%	0.00%	0.00%	0.00%	0.00%	-8.86%

Analyst Earnings Model⁽²⁾

American Water Works Company, Inc. (AWK)

In \$MM, except per share data

	2022A FY FY Ends December 31st Dec-22	2023A FY Dec-23	2024A FY Dec-24	1Q 31-Mar-25	2Q 30-Jun-25	2025E 3Q 30-Sep-25	4Q 31-Dec-25	FY Dec-25	1Q 31-Mar-26	2Q 30-Jun-26	2026E 3Q 30-Sep-26	4Q 31-Dec-26	FY Dec-26	2027E FY Dec-27
Income Statement														
Total Operating Revenues	\$3,792.0	\$4,234.0	\$4,684.0	\$1,142.0	\$1,276.0	\$1,451.0	\$1,202.0	\$5,071.0	\$1,145.7	\$1,277.4	\$1,452.5	\$1,234.8	\$5,110.4	\$5,405.1
YoY % Chng	(3.5%)	11.7%	10.6%	13.0%	11.1%	9.7%	0.1%	8.3%	0.3%	0.1%	0.1%	2.7%	0.8%	5.8%
Operation and Maintenance	\$1,589.0	\$1,720.0	\$1,858.0	\$468.0	\$480.0	\$523.0	\$488.6	\$1,959.6	\$453.7	\$439.9	\$484.4	\$463.8	\$1,841.8	\$1,913.9
YoY % Chng	(10.6%)	8.2%	8.0%	12.5%	12.4%	5.4%	(5.9%)	5.5%	(3.1%)	(8.4%)	(7.4%)	(5.1%)	(6.0%)	3.9%
Gross Profit	\$2,203.0	\$2,514.0	\$2,826.0	\$674.0	\$796.0	\$928.0	\$713.4	\$3,111.4	\$692.0	\$837.5	\$968.1	\$771.0	\$3,268.6	\$3,491.3
YoY % Chng	2.3%	14.1%	12.4%	13.3%	10.2%	12.2%	4.6%	10.1%	2.7%	5.2%	4.3%	8.1%	5.1%	6.8%
Depreciation and Amortization	\$649.0	\$704.0	\$788.0	\$216.0	\$221.0	\$226.0	\$214.7	\$877.7	\$216.5	\$222.0	\$226.6	\$214.9	\$880.0	\$930.0
YoY % Chng	2.0%	8.5%	11.9%	14.9%	14.5%	13.0%	3.7%	11.4%	0.2%	0.5%	0.3%	0.1%	0.3%	5.7%
General Taxes	\$281.0	\$307.0	\$320.0	\$87.0	\$86.0	\$87.0	\$76.5	\$336.5	\$83.4	\$80.0	\$92.2	\$84.3	\$339.9	\$359.2
YoY % Chng	(12.5%)	9.3%	4.2%	7.4%	6.2%	3.6%	3.4%	5.2%	(4.1%)	(6.9%)	6.0%	10.2%	1.0%	5.7%
Other Income		\$1.0	\$0.0	\$0.0	\$0.0	(\$1.0)	(\$0.5)	(\$1.5)	(\$0.3)	(\$0.4)	(\$0.6)	(\$0.4)	(\$1.8)	(\$1.9)
YoY % Chng							54.3%				39.3%		(21.6%)	(9.0%)
Total Operating Expenses, Net	\$2,519.0	\$2,730.0	\$2,966.0	\$771.0	\$787.0	\$837.0	\$780.3	\$3,175.3	\$753.9	\$742.4	\$803.8	\$763.4	\$3,063.5	\$3,205.0
YoY % Chng	(7.9%)	8.4%	8.6%	12.6%	12.4%	7.3%	(2.6%)	7.1%	(2.2%)	(5.7%)	(4.0%)	(2.2%)	(3.5%)	4.6%
Adjusted, EBITDA	\$1,922.0	\$2,208.0	\$2,506.0	\$587.0	\$710.0	\$840.0	\$636.5	\$2,773.5	\$608.3	\$757.0	\$875.3	\$686.3	\$2,926.9	\$3,130.2
YoY % Chng	4.9%	14.9%	13.5%	14.2%	10.6%	13.1%	4.9%	10.7%	3.6%	6.6%	4.2%	7.8%	5.5%	6.9%
Operating Income	\$1,273.0	\$1,504.0	\$1,718.0	\$371.0	\$489.0	\$614.0	\$421.7	\$1,895.7	\$391.8	\$535.0	\$648.7	\$471.4	\$2,046.9	\$2,200.2
YoY % Chng	6.4%	18.1%	14.2%	13.8%	8.9%	13.1%	5.4%	10.3%	5.6%	9.4%	5.7%	11.8%	8.0%	7.5%
Interest Expense	\$433.0	\$460.0	\$523.0	\$144.0	\$151.0	\$158.0	\$143.0	\$596.0	\$144.7	\$151.1	\$158.7	\$147.4	\$601.9	\$637.8
YoY % Chng	7.4%	6.2%	13.7%	16.1%	15.3%	19.7%	5.2%	14.0%	0.5%	0.0%	0.4%	3.1%	1.0%	6.0%
Interest Income	\$52.0	\$73.0	\$94.0	\$22.0	\$22.0	\$23.0	\$24.7	\$91.7	\$20.7	\$21.8	\$25.4	\$24.4	\$92.3	\$98.3
YoY % Chng	1,200.0%	40.4%	28.8%	(8.3%)	(12.0%)	4.5%	7.4%	(2.4%)	(6.0%)	(1.1%)	10.6%	(1.3%)	0.6%	6.6%
Non-Operating Benefit Costs, Net	(\$77.0)	(\$32.0)	(\$28.0)	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.1)	(\$16.1)	(\$3.7)	(\$4.0)	(\$4.5)	(\$4.0)	(\$16.1)	(\$17.1)
YoY % Chng	1.3%	58.4%	12.5%	55.6%	42.9%	42.9%	18.5%	42.6%	8.5%	0.4%	(13.1%)	2.9%	(0.3%)	(5.8%)
Other, Net	(\$20.0)	(\$47.0)	(\$42.0)	(\$17.0)	(\$12.0)	(\$11.0)	(\$12.3)	(\$52.3)	(\$12.1)	(\$12.1)	(\$13.7)	(\$12.3)	(\$50.1)	(\$52.7)
YoY % Chng	(11.1%)	(135.0%)	10.6%	(142.9%)	(9.1%)	15.4%	(12.1%)	(24.6%)	29.0%	(0.5%)	(24.8%)	0.6%	4.2%	(5.1%)
Total Other (Income) Expense	\$265.0	\$308.0	\$359.0	\$101.0	\$113.0	\$120.0	\$101.9	\$435.9	\$108.3	\$113.3	\$115.0	\$106.8	\$443.4	\$469.7
YoY % Chng	159.7%	16.2%	16.6%	20.2%	28.4%	33.3%	5.0%	21.4%	7.3%	0.2%	(4.2%)	4.8%	1.7%	5.9%
Pre-Tax Income	\$1,008.0	\$1,196.0	\$1,359.0	\$270.0	\$376.0	\$494.0	\$319.8	\$1,459.8	\$283.4	\$421.8	\$533.7	\$364.6	\$1,603.5	\$1,730.5
YoY % Chng	(38.5%)	18.7%	13.6%	11.6%	4.2%	9.1%	5.6%	7.4%	5.0%	12.2%	8.0%	14.0%	9.8%	7.9%
Income Taxes	\$188.0	\$252.0	\$308.0	\$65.0	\$87.0	\$115.0	\$74.5	\$341.5	\$66.0	\$98.3	\$124.4	\$84.9	\$373.6	\$403.2
YoY % Chng	(50.1%)	34.0%	22.2%	14.0%	3.6%	11.7%	16.4%	10.9%	1.6%	13.0%	8.1%	14.0%	9.4%	7.9%
Tax Rate	18.7%	21.1%	22.7%	24.1%	23.1%	23.3%	23.3%	23.4%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Net Income	\$820.0	\$944.0	\$1,051.0	\$205.0	\$289.0	\$379.0	\$245.3	\$1,118.3	\$217.4	\$323.5	\$409.4	\$279.6	\$1,229.9	\$1,327.3
YoY % Chng	(35.1%)	15.1%	11.3%	10.8%	4.3%	8.3%	2.6%	6.4%	6.0%	11.9%	8.0%	14.0%	10.0%	7.9%
Basic Shares Outstanding	182.0	193.0	195.0	195.0	195.0	195.0	195.0	195.0	198.5	202.0	202.0	202.0	201.1	202.0
YoY % Chng	0.0%	6.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	3.6%	3.6%	3.6%	3.1%	0.4%
Diluted Shares Outstanding	182.0	193.0	195.0	195.0	195.0	195.0	195.0	195.0	198.5	202.0	202.0	202.0	201.1	202.0
YoY % Chng	0.0%	6.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	3.6%	3.6%	3.6%	3.1%	0.4%
Basic EPS, GAAP	\$4.51	\$4.90	\$5.39	\$1.05	\$1.48	\$1.94	\$1.26	\$5.73	\$1.10	\$1.60	\$2.03	\$1.38	\$6.11	\$6.57
YoY % Chng	(35.2%)	8.6%	10.0%	10.5%	4.2%	7.8%	3.1%	6.3%	4.3%	8.2%	4.5%	10.0%	6.6%	7.6%
Diluted EPS, GAAP	\$4.51	\$4.90	\$5.39	\$1.05	\$1.48	\$1.94	\$1.26	\$5.73	\$1.10	\$1.60	\$2.03	\$1.38	\$6.11	\$6.57
YoY % Chng	(35.1%)	8.6%	10.0%	10.5%	4.2%	7.8%	3.1%	6.3%	4.3%	8.2%	4.5%	10.0%	6.6%	7.6%
Diluted EPS, Adjusted	\$4.51	\$4.90	\$5.39	\$1.05	\$1.48	\$1.94	\$1.26	\$5.73	\$1.10	\$1.60	\$2.03	\$1.38	\$6.11	\$6.57
YoY % Chng	6.1%	8.6%	10.0%	10.5%	4.2%	7.8%	3.1%	6.3%	4.3%	8.2%	4.5%	10.0%	6.6%	7.6%
Dividend per Share	\$2.57	\$2.78	\$3.00	\$0.77	\$0.83	\$0.83	\$0.83	\$3.25	\$0.83	\$0.89	\$0.89	\$0.89	\$3.49	\$3.73
YoY % Chng	9.0%	8.2%	8.0%	8.1%	8.2%	8.2%	8.2%	8.2%	8.2%	7.3%	7.3%	7.3%	7.5%	6.9%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

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The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	C
Momentum Score	B
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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