

American Water Works Company, Inc.
Form 424B5
August 06, 2018
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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities became automatically effective when it was filed with the Securities and Exchange Commission. Neither this preliminary prospectus supplement nor the accompanying prospectus is an offer to sell the securities described herein and neither is soliciting any offer to buy these securities in any jurisdiction where the solicitation, offer or sale is not permitted.

Subject to Completion, Dated August 6, 2018

Preliminary Prospectus Supplement to Prospectus dated May 1, 2018

American Water Capital Corp.

\$ % Senior Notes due 2028

\$ % Senior Notes due 2048

This is an offering by American Water Capital Corp., which is referred to as AWCC or the issuer, of its % Senior Notes due 2028, which are referred to as the 2028 Notes, and its % Senior Notes due 2048, which are referred to as the 2048 Notes, and together with the 2028 Notes, the notes. The issuer will pay interest semi-annually in arrears on the notes on March 1 and September 1 of each year, beginning on March 1, 2019. The 2028 Notes will mature on September 1, 2028. The 2048 Notes will mature on September 1, 2048. However, the issuer may at any time and from time to time redeem all or a portion of the notes, in each case at the applicable redemption prices set forth in this prospectus supplement under Description of the Notes Optional Redemption by the Issuer. The notes will be issued only in registered form and in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

The notes will be unsecured, will rank equally in right of payment with the issuer's existing and future senior debt and will rank senior to the issuer's future subordinated debt. The notes will rank effectively junior in right of payment to all of the issuer's future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will have the benefit of a support agreement from American Water Works Company, Inc., the issuer's parent company. The notes will not be guaranteed by any of American Water Works Company, Inc.'s subsidiaries. The issuer is a finance subsidiary whose activities are limited to borrowing funds through the issuance of debt securities and lending

those funds under loan agreements with American Water Works Company, Inc. and its regulated operating subsidiaries.

Investing in these notes involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement to read about factors you should consider before buying these notes.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discount	Proceeds to AWCC
Per 2028 Note	%	%	%
Total	\$	\$	\$
Per 2048 Note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest from August , 2018, if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear system, against payment in New York, New York on or about August , 2018.

Joint Book-Running Managers

Mizuho Securities **MUFG** **RBC Capital Markets** **TD Securities**
BofA Merrill Lynch **PNC Capital Markets LLC**
Co-Managers

J.P. Morgan **US Bancorp** **Wells Fargo Securities**
BB&T Capital Markets **Regions Securities LLC**
Blaylock Van, LLC **C.L. King & Associates** **Loop Capital Markets** **MFR Securities, Inc.**
Mischler Financial Group, Inc. **Multi-Bank Securities, Inc.** **Ramirez & Co., Inc.**
Siebert Cisneros Shank & Co., L.L.C. **Telsey Advisory Group** **The Williams Capital Group, L.P.**
 Prospectus Supplement dated August , 2018.

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ABOUT THIS PROSPECTUS SUPPLEMENT

All references in this prospectus supplement to American Water and the Company refer to American Water Works Company, Inc. and its consolidated subsidiaries unless the context otherwise requires. All references in this prospectus supplement to the support provider refer to American Water Works Company, Inc., without its subsidiaries, unless the context otherwise requires. All references in this prospectus supplement to AWCC or the issuer refer to American Water Capital Corp.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The second part, the accompanying prospectus, gives more general information about the issuer, American Water and their securities. Generally, the reference to this prospectus, is to both parts of this document combined. To the extent information in this prospectus supplement conflicts with information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Neither AWCC nor American Water is making an offer or sale of these securities in any jurisdiction where the offer or sale is not permitted. The information which appears in this prospectus and any document incorporated by reference is accurate as of their respective dates. American Water's business, financial condition, results of operations and prospects may have changed since the date of such information.

American Water and its logos are trademarks of American Water. Other service marks, trademarks and trade names referred to in this prospectus are the property of their respective owners.

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WHERE YOU CAN FIND MORE INFORMATION

American Water files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, which is referred to as the SEC. These SEC filings are available to the public over the Internet at the SEC's website at www.sec.gov and American Water's website at <https://amwater.com>. You may also read and copy any document American Water and the issuer files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The information contained on or accessible from American Water's website does not constitute a part of this prospectus and is not incorporated by reference herein.

American Water and the issuer have filed a registration statement on Form S-3 under the Securities Act of 1933, as amended, which is referred to as the Securities Act, with the SEC to register the securities offered by this prospectus supplement. This prospectus does not contain all the information contained in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and the documents filed as exhibits to the registration statement are available for inspection and copying as described above.

American Water is incorporating by reference into this prospectus specific documents that it files with the SEC, which means that important information can be disclosed to you by referring you to those documents that are considered part of this prospectus. Information that American Water files subsequently with the SEC will automatically update and supersede this information. American Water incorporates by reference the documents listed below, and any future documents that it files with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, until the offering of the securities covered by this prospectus has been completed or terminated. This prospectus is part of a registration statement filed with the SEC.

American Water is incorporating by reference into this prospectus the following documents filed with the SEC (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

Filings	Period Covered or Date Filed
Annual Report on Form 10-K (including the portions of American Water's Proxy Statement on Schedule 14A filed on March 27, 2018 that are incorporated by reference therein)	Year ended December 31, 2017
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2018 and June 30, 2018
Current Reports on Form 8-K	Filed on January 19, 2018, February 14, 2018, March 21, 2018, April 11, 2018, April 16, 2018, May 11, 2018 and June 4, 2018

American Water will provide to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request and without charge, a copy of the documents referred to above that have been incorporated in this prospectus by reference. You can request copies of such documents if you call or write American Water at the following address or telephone number: American Water Works Company, Inc., 1025 Laurel Oak Road, Voorhees, New Jersey 08043, Attention: General Counsel, (856) 346-8200.

This prospectus contain summaries of certain agreements that American Water has filed as exhibits to various SEC filings, as well as certain agreements that American Water and the issuer will enter into in connection with this

offering. The descriptions of these agreements contained in this prospectus or information incorporated by reference herein do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. You can obtain copies of the definitive agreements without charge to you by making a written or oral request to American Water.

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American Water and the issuer are only responsible for the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or contained in any free writing prospectus prepared by or on behalf of American Water and the issuer. Neither American Water nor the issuer has authorized anyone to provide you with different information, and American Water and the issuer take no responsibility for any other information that others may give you. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference in this prospectus supplement or the accompanying prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this prospectus.

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FORWARD-LOOKING STATEMENTS

American Water has made statements under “Risk Factors” and in other sections of this prospectus and in the documents incorporated by reference herein that are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. 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,” “likely,” “uncertain,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “should,” “will” and “could” or the n other variations or similar expressions. Forward-looking statements may relate to, among other things, American Water’s future financial performance, including its operation and maintenance efficiency ratio, its cash flows, its growth and portfolio optimization strategies, its projected capital expenditures and related funding requirements, its ability to repay debt, its projected strategy to finance current operations and growth initiatives, the impact of legal and regulatory proceedings and potential fines and penalties, business process and technology improvement initiatives, trends in American Water’s industry, regulatory, legislative, tax policy or legal developments or rate adjustments, including rate case filings, filings for infrastructure surcharges and filings to address regulatory lag, and impacts that the Tax Cuts and Jobs Act (the “TCJA”) may have on American Water and its business, results of operations, cash flows and liquidity.

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 or levels of activity, performance or achievements, and you are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. American Water’s actual results may vary materially from those discussed in the forward-looking statements included in this prospectus and in the documents incorporated by reference herein. Factors that could cause actual results to differ from those discussed in forward-looking statements include, but are not limited to, the factors discussed under “Risk Factors” in this prospectus supplement, and the following important factors:

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 American Water’s water supplies or sources of water, or restrictions on its 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 and regulatory proceedings, investigations or actions, including matters related to the Freedom Industries chemical spill in West Virginia and the approved global class action settlement related to this chemical spill;

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American Water's ability to appropriately maintain current infrastructure, including its operational and information technology (IT) systems, and manage the expansion of its business;

exposure or infiltration of American Water's 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;

American Water's ability to obtain permits and other approvals for projects;

changes in American Water's capital requirements;

American Water's ability to control operating expenses and to achieve efficiencies in its operations;

the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or water provided to its customers;

American Water's ability to obtain adequate and cost-effective supplies of chemicals, electricity, fuel, water and other raw materials that are needed for its operations;

American Water's ability to successfully meet growth projections for its business and capitalize on growth opportunities, including its ability to, among other things:

acquire, close and successfully integrate regulated operations and market-based businesses;

enter into contracts and other agreements with, or otherwise obtain, new customers in its market-based businesses; and

realize anticipated benefits and synergies from new acquisitions;

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 American Water's operations;

American Water's ability to maintain safe work sites;

American Water's 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, its water service and management solutions that are focused on customers in the shale 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 American Water or its current or future debt that could increase its financing costs or funding requirements or affect its ability to borrow, make payments on debt or pay dividends;

fluctuations in the value of benefit plan assets and liabilities that could increase its 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 TCJA, the availability of tax credits and tax abatement programs, and American Water's ability to utilize its U.S. federal and state income tax net operating loss carryforwards;

migration of customers into or out of American Water's service territories;

the use by municipalities of the power of eminent domain or other authority to condemn American Water's systems, or the assertion by private landowners of similar rights against it;

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American Water's difficulty or inability to obtain insurance, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing insurance programs for any losses sustained;

the incurrence of impairment charges related to American Water's goodwill or other assets;

labor actions, including work stoppages and strikes;

American Water's 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; and

the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the factors discussed under "Risk Factors" beginning on page S-7 of this prospectus supplement and the risk factors and other statements contained in the documents incorporated by reference in this prospectus and investors should refer to such risks, uncertainties, risk factors and other statements in evaluating such forward-looking statements. Any forward-looking statements made by American Water speak only as of the date of such statements. Except as required by the federal securities laws, American Water does not have any obligation, and American Water specifically disclaims any undertaking or intention to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water'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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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus or in the documents incorporated by reference herein. It may not contain all the information that is important to you. You should carefully read this prospectus and the documents incorporated by reference herein in their entirety before making an investment decision.

The Company

American Water Works Company, Inc. is the largest and most geographically diverse, publicly traded, U.S. water and wastewater utility company, as measured by both operating revenue and population served. As a holding company, American Water conducts substantially all of its business operations through its subsidiaries. American Water employs approximately 7,100 professionals who provide drinking water, wastewater and other related services to over 14 million people in 45 states and Ontario, Canada.

In 2017, American Water generated \$3,357 million in total consolidated operating revenues and \$426 million in net income attributable to common stockholders. In 2016, American Water generated \$3,302 million in total consolidated operating revenues and \$468 million in net income attributable to common stockholders. For the six months ended June 30, 2018, American Water generated \$1,614 million in total consolidated operating revenues and \$268 million in net income attributable to common stockholders.

The largest component of American Water's business includes rate regulated subsidiaries that provide water and wastewater services, collectively presented as its Regulated Businesses. The majority of American Water's business is conducted through its Regulated Businesses reportable segment. American Water also operates several market-based businesses that provide a broad range of related and complementary water and wastewater services within four operating segments that individually do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States, which are collectively referred to in this prospectus supplement as its Market-Based Businesses.

For 2017, American Water's Regulated Businesses segment generated \$2,958 million in operating revenues, prior to inter-segment eliminations, which accounted for 88.1% of American Water's total consolidated operating revenues. For the same period, American Water's Market-Based Businesses generated \$422 million in operating revenues, prior to inter-segment eliminations, which accounted for 12.6% of total consolidated operating revenues.

For the six months ended June 30, 2018, American Water's Regulated Businesses segment generated \$1,410 million in operating revenues, prior to inter-segment eliminations, which accounted for 87.4% of total consolidated operating revenues. For the same period, American Water's Market-Based Businesses generated \$214 million in operating revenues, prior to inter-segment eliminations, which accounted for 13.3% of total consolidated operating revenues.

American Water Capital Corp.

American Water's financing activities include the issuance of long-term and short-term debt, primarily through its finance subsidiary, American Water Capital Corp. AWCC loans all of the net proceeds of its long-term debt financings to American Water's regulated operating subsidiaries, as well as to American Water. AWCC also provides liquidity to the Regulated Businesses segment and American Water through AWCC's revolving credit facility and commercial paper program. All of the proceeds of AWCC's long-term debt have been loaned to American Water's Regulated Businesses segment or American Water and are evidenced by promissory notes issued to AWCC by the regulated operating subsidiaries or American Water, as applicable. As

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of June 30, 2018, American Water had a total of \$8,365 million in total debt, including \$6,716 million in long-term debt, of which the current portion is \$364 million, and \$1,649 million in commercial paper borrowings at AWCC.

Executive Offices

American Water and AWCC are each corporations incorporated under the laws of Delaware. Their principal executive offices are located at 1025 Laurel Oak Road, Voorhees, New Jersey 08043 and the telephone number is (856) 346-8200. American Water's website is <https://amwater.com>. The information contained on or accessible from American Water's website does not constitute a part of this prospectus and is not incorporated by reference herein.

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The Offering

Issuer	American Water Capital Corp.
Securities Offered	<p>\$ aggregate principal amount of % Senior Notes due 2028.</p> <p>\$ aggregate principal amount of % Senior Notes due 2048.</p>
Maturity Date	<p>The 2028 Notes will mature on September 1, 2028.</p> <p>The 2048 Notes will mature on September 1, 2048.</p>
Interest Payment Dates	The issuer will pay interest on the notes semi-annually in arrears on each March 1 and September 1, beginning on March 1, 2019, to the holders of the notes as of the day that is 15 calendar days (whether or not a business day) prior to the relevant interest payment date and, if applicable, upon redemption.
Support Agreement	The notes will have the benefit of a support agreement dated June 22, 2000 and amended as of July 26, 2000 from American Water, referred to as the support agreement, pursuant to which American Water has agreed to pay to any debt investor or lender of the issuer any principal or interest owed by the issuer to such debt investor or lender that the issuer fails to pay on a timely basis.
Optional Redemption	The issuer may redeem all or a portion of the 2028 Notes at its option at any time or from time to time. The redemption price for the 2028 Notes to be redeemed on any redemption date prior to June 1, 2028 will be equal to the greater of (1) 100% of the principal amount of the 2028 Notes being redeemed on the redemption date; or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 2028 Notes being redeemed on that redemption date that would be payable if such 2028 Notes matured on June 1, 2028 (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus basis points, as determined by the Reference Treasury Dealer; plus, in each case, accrued and unpaid interest thereon to the redemption date. The redemption price for the 2028 Notes to be redeemed on any redemption date on or after

June 1, 2028 will be equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption.

The issuer may redeem all or a portion of the 2048 Notes at its option at any time or from time to time. The redemption price for the 2048 Notes to be redeemed on any redemption date prior to March 1, 2048 will be equal to the greater of (1) 100% of the principal amount of the 2048 Notes being redeemed on the redemption date; or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 2048 Notes being redeemed on that redemption date that would be payable if such 2048 Notes matured on

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March 1, 2048 (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus basis points, as determined by the Reference Treasury Dealer; plus, in each case, accrued and unpaid interest thereon to the redemption date. The redemption price for the 2048 Notes to be redeemed on any redemption date on or after March 1, 2048 will be equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption.

Ranking

The notes will be the issuer's unsecured senior obligations and will:

rank equal in right of payment to all of the issuer's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes;

rank senior in right of payment to all of the issuer's future obligations that are, by their terms, expressly subordinated in right of payment to the notes; and

rank effectively junior in right of payment to all of the issuer's future secured indebtedness to the extent of the value of the assets securing such indebtedness.

Similarly, the obligations of American Water under the support agreement will be unsecured senior obligations of American Water and will:

rank equal in right of payment to all existing and future unsecured obligations of American Water that are not, by their terms, expressly subordinated in right of payment to such obligations;

rank senior in right of payment to any future obligations of American Water that are, by their terms, expressly subordinated in right of payment to such obligations; and

rank (i) effectively junior in right of payment to any future secured indebtedness of American Water to the extent of the value of the assets securing such indebtedness and (ii) structurally junior in right of payment to any liabilities of American Water's subsidiaries.

As of June 30, 2018:

the issuer had no secured indebtedness;

the issuer had \$7,023 million of senior indebtedness, including (i) \$5,182 million of senior notes, (ii) \$192 million of tax-exempt indebtedness, (iii) \$1,649 million of commercial paper and (iv) no subordinated indebtedness;

The support provider had no indebtedness other than its obligations under the support agreement with respect to the issuer's indebtedness and its borrowings from AWCC; and

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the subsidiaries of American Water (other than the issuer) had \$1,346 million of indebtedness and other liabilities.

Certain Covenants

The indenture governing the notes contains certain covenants that, among other things, limit American Water's ability and the ability of its subsidiaries to:

create or assume liens; and

enter into sale and leaseback transactions.

These limitations are subject to a number of significant exceptions. See Description of AWCC Debt Securities and American Water Support Agreement - Certain Covenants in the accompanying prospectus.

Use of Proceeds

The issuer estimates that the proceeds from this offering, net of underwriting discounts and offering expenses, will be approximately \$ million.

The issuer intends to use the net proceeds from this offering:

to lend funds to American Water and its regulated operating subsidiaries;

to repay certain long-term debt of the issuer at maturity;

to redeem certain of the issuer's long-term debt;

to make repayments of commercial paper obligations of the issuer, including commercial paper incurred to fund in part the acquisition of all of the capital stock of Pivotal Home Solutions Co.; and

for general corporate purposes.

See Use of Proceeds.

Risk Factors	Investing in the notes involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement for a discussion of factors that you should refer to and carefully consider before deciding to invest in these notes.
Governing Law	The indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.
Conflicts of Interest	Certain of the underwriters or their affiliates may hold a portion of the long-term debt or commercial paper that the issuer intends to repay using the net proceeds from this offering. In such event, it is possible that one or more of the underwriters or their affiliates could receive at least 5% of the net proceeds from the offering, and in that case such underwriter would be deemed to have a conflict of interest under the Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121.

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In the event of any such conflict of interest, such underwriter would be required to conduct the distribution of the notes in accordance with FINRA Rule 5121. If the distribution is conducted in accordance with FINRA Rule 5121, such underwriter would not be permitted to confirm a sale to an account over which it exercises discretionary authority without first receiving specific written approval from the account holder.

Ratios of Earnings to Fixed Charges

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes including the effect of allowance for funds used during construction, which is referred to as an allowance for funds used during construction (AFUDC), plus fixed charges. Fixed charges consist of interest expense, amortization of debt issuance costs, and a portion of rent expense that management believes is representative of the interest component of rental expense. Fixed charges have not been reduced for the effect of AFUDC.

American Water's and the issuer's ratios of earnings to fixed charges for each of the periods indicated were as follows:

	For the Year Ended December 31,					For the Six Months Ended June 30,
	2013	2014	2015	2016	2017	2018
American Water Works Company, Inc.	2.88	3.27	3.42	3.27	3.54	2.98
American Water Capital Corp.	1.00	1.00	1.00	1.00	1.00	1.00

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RISK FACTORS

An investment in the notes involves risks. This prospectus does not describe all of these risks. You should carefully consider the risks described below and the risks described in Part I, Item 1A, Risk Factors, in American Water's Annual Report on Form 10-K for the year ended December 31, 2017, as updated in subsequently filed reports with the SEC, which risk factors and subsequently filed reports are incorporated by reference herein, as well as the other information included or incorporated by reference in this prospectus, before making an investment decision. American Water's business, financial condition or results of operations could be materially adversely affected by any of these risks.

The issuer's ability to service its debt and American Water's ability to make payments pursuant to its obligations under the support agreement depend on the performance of American Water's operating subsidiaries and their continued ability to make distributions to American Water or repayments to the issuer. There can be no assurance that American Water or the issuer will continue to receive such distributions or repayments or, if they are received, that they will be in amounts similar to past distributions or repayments.

The notes are being issued by AWCC, American Water's finance subsidiary. The issuer has no substantial assets, other than American Water's obligations and those of American Water's operating subsidiaries to repay loans made by AWCC. American Water has entered into a support agreement with the issuer pursuant to which it has agreed to pay to any debt investor or lenders of the issuer any principal or interest amounts owed by the issuer to such debt investor or lender that the issuer fails to pay on a timely basis. Because substantially all of American Water's operations are conducted through its subsidiaries other than the issuer, American Water's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash distributions from its operating subsidiaries. Similarly, the issuer's ability to make interest and principal payments on the notes will be dependent upon its receipt of sufficient payments of principal and interest pursuant to the terms of its loans to American Water and its operating subsidiaries. The distributions American Water receives from its operating subsidiaries and the repayments the issuer receives from American Water and its operating subsidiaries might not be adequate to permit American Water to make required payments of interest and principal pursuant to the support agreement or the issuer to make required payments under the notes, as applicable, on a timely basis, or at all.

American Water's obligations under the support agreement are effectively subordinated to all of the obligations of its subsidiaries other than the issuer.

American Water has entered into a support agreement with the issuer. The notes are not guaranteed by any of American Water's subsidiaries and are the obligations only of the issuer and American Water, by virtue of the support agreement. American Water is a holding company that derives substantially all of its income from its operating subsidiaries, and the issuer is a finance subsidiary with no material operations of its own, other than making loans to American Water and its affiliates. American Water's operating subsidiaries are separate and distinct legal entities and, other than the issuer, have no obligation to make any payments on the notes or to make any funds available for such payment. Therefore, American Water's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed, incurred or issued by American Water's subsidiaries other than the issuer.

The notes do not restrict American Water's ability to incur additional indebtedness, which could adversely affect its ability to pay its obligations under the notes.

Although the terms of the notes restrict American Water's ability and the ability of its subsidiaries to incur certain liens and to enter into certain sale and leaseback transactions, the incurrence of other indebtedness or other liabilities by any

of American Water's subsidiaries is not specifically prohibited in connection with the notes and could adversely affect American Water's ability to pay its obligations on the notes. As of June 30, 2018, total liabilities of American Water's subsidiaries other than the issuer were \$1,346 million, consisting of (i)

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\$722 million in private activity bonds and government funded debt, of which \$715 million is collateralized, (ii) \$606 million in mortgage bonds, and (iii) \$18 million in mandatory redeemable preferred stock, capital lease obligations and other term loans. American Water anticipates that from time to time its subsidiaries will incur additional debt and other liabilities. Any debt incurred by American Water's subsidiaries other than the issuer will be effectively senior to American Water's obligations under the support agreement.

Other than as described under "Description of AWCC Debt Securities and American Water Support Agreement" "Support Agreement" in the accompanying prospectus, neither the issuer nor American Water is required in connection with the notes to meet any financial tests that measure their working capital, interest coverage or fixed charges in order to maintain compliance with the terms of the notes.

If there is no active trading market for the notes you may not be able to resell them.

If there is no active trading market for the notes, you may not be able to resell the notes at their fair market value or at all.

The liquidity of any market for the notes will depend upon various factors, including:

the number of holders of the notes;

the interest of securities dealers in making a market for the notes;

American Water's financial performance or prospects; and

the prospects for companies in American Water's industry generally.

Accordingly, neither American Water nor the issuer can assure you that a market or liquidity will develop for the notes.

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USE OF PROCEEDS

The issuer estimates that it will receive net proceeds of approximately \$ million from this offering, after deducting underwriting discounts and estimated offering expenses.

The issuer intends to use the net proceeds from this offering:

to lend funds to American Water and its regulated operating subsidiaries;

to repay \$191.1 million principal amount of the issuer's 5.62% Senior Notes due 2018 upon maturity on December 21, 2018;

to redeem up to \$200 million aggregate principal amount of the issuer's outstanding long-term debt securities due in 2019 and 2022 and which have a weighted-average interest rate of 5.70%;

to repay commercial paper obligations of the issuer, including commercial paper incurred to fund in part the acquisition of all of the capital stock of Pivotal Home Solutions Co.; and

for general corporate purposes.

On August 3, 2018, the issuer had \$1,569.7 million in aggregate principal amount of commercial paper outstanding, with a weighted-average maturity of 14 days and a weighted-average annual interest rate of 2.46%.

Table of Contents**RATIOS OF EARNINGS TO FIXED CHARGES**

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes including the effect of AFUDC, plus fixed charges. Fixed charges consist of interest expense, amortization of debt issuance costs, and a portion of rent expense that management believes is representative of the interest component of rental expense. Fixed charges have not been reduced for the effect of AFUDC.

American Water's and the issuer's ratios of earnings to fixed charges for each of the periods indicated were as follows:

	For the Year Ended December 31,					For the Six
	2013	2014	2015	2016	2017	Months Ended
						June 30, 2018
American Water Works Company, Inc.						
Ratio of Earnings to Fixed Charges	2.88	3.27	3.42	3.27	3.54	2.98
American Water Capital Corp.						
Ratio of Earnings to Fixed Charges	1.00	1.00	1.00	1.00	1.00	1.00

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DESCRIPTION OF THE NOTES

The following description is a summary of the material provisions of the indenture. It does not restate such agreement in its entirety. You are urged to read the indenture because it, and not this description, defines your rights as holders of the notes. The indenture was filed as an exhibit to the registration statement of which this prospectus forms a part.

The notes will be three separate, new series of Debt Securities, as described under the heading "Description of AWCC Debt Securities and American Water Support Agreement" in the accompanying prospectus. Please read the following information concerning the notes in conjunction with the statements under "Description of AWCC Debt Securities and American Water Support Agreement" in the accompanying prospectus, which the following information supplements and, in the event of any inconsistencies, supersedes.

Unless the context otherwise requires, solely for purposes of this Description of the Notes, "American Water" or the "Company" refers to American Water Works Company, Inc. and not to any of its subsidiaries.

General

The notes will be issued under the indenture, dated as of December 4, 2009, between the issuer and Wells Fargo Bank, National Association, as indenture trustee, referred to as the indenture.

The aggregate principal amount of the 2028 Notes offered by this prospectus supplement is \$. The aggregate principal amount of the 2048 Notes offered by this prospectus supplement is \$.

The notes will have the benefit of a support agreement from American Water described in this prospectus.

The notes will be the issuer's unsecured senior obligations and will:

rank equal in right of payment to all of the issuer's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes;

rank senior in right of payment to all of the issuer's future obligations that are, by their terms, expressly subordinated in right of payment to the notes; and

rank effectively junior in right of payment to all of the issuer's future secured indebtedness to the extent of the value of the assets securing such indebtedness.

Similarly, American Water's obligations as support provider under the support agreement will be unsecured senior obligations of American Water and will:

rank equal in right of payment to all of American Water's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to such obligations;

rank senior in right of payment to any of American Water's future obligations that are, by their terms, expressly subordinated in right of payment to such obligations; and

rank (i) effectively junior in right of payment to any of American Water's future secured indebtedness to the extent of the value of the assets securing such indebtedness and (ii) structurally junior in right of payment to any liabilities of American Water's subsidiaries.

The notes will not be subject to a sinking fund provision.

The indenture trustee will initially be the security registrar and the paying agent for the notes. The notes initially will be issued in registered global form and will be in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof, without coupons, and may be transferred or exchanged, without service charge but upon

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payment of any taxes or other governmental charges payable in connection with the transfer or exchange, at the office described below. Payments on notes issued as a global security will be made to the depositary or a successor depositary. A beneficial interest in a global note may only be exchanged for a note in certificated form in certain circumstances. See Description of AWCC Debt Securities and American Water Support Agreement Book-Entry, Delivery and Form Exchanges of Global Securities for Certificated Debt Securities in the accompanying prospectus and Book-Entry Only Issuance in this prospectus supplement. Principal and interest with respect to certificated notes will be payable thereon, the transfer of the notes will be registrable and notes will be exchangeable for notes of a like aggregate principal amount in denominations of \$1,000, and integral multiples of \$1,000 in excess thereof, at the office or agency maintained by the issuer. The issuer has initially designated the corporate trust office of the indenture trustee as that office. However, at the issuer's option, payment of interest may be made by check mailed to the address of the holder entitled to payment or by wire transfer to an account appropriately designated by the holder entitled to payment.

The indenture does not limit American Water's ability or the ability of the issuer to issue or incur other unsecured debt or issue preferred stock.

Principal, Maturity and Interest

2028 Notes

The initial aggregate principal amount of the 2028 Notes is \$. The 2028 Notes mature on September 1, 2028.

The 2028 Notes will bear interest at % per annum from August , 2018. The issuer will pay interest on the 2028 Notes semi-annually in arrears on each March 1 and September 1, beginning on March 1, 2019, to the holders of the 2028 Notes as of the day that is 15 calendar days (whether or not a business day) prior to the relevant interest payment date and, if applicable, upon redemption.

2048 Notes

The initial aggregate principal amount of the 2048 Notes is \$. The 2048 Notes mature on September 1, 2048.

The 2048 Notes will bear interest at % per annum from August , 2018. The issuer will pay interest on the 2048 Notes semi-annually in arrears on each March 1 and September 1, beginning on March 1, 2019, to the holders of the 2048 Notes as of the day that is 15 calendar days (whether or not a business day) prior to the relevant interest payment date and, if applicable, upon redemption.

Computation of Interest

The amount of interest payable on the notes for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which principal or interest is payable on the notes is not a business day, then payment of the principal or interest payable on such date will be made on the next day that is a business day (and without any interest or other payment in respect of any such delay).

Optional Redemption by the Issuer

2028 Notes

The issuer may redeem all or a portion of the 2028 Notes at the issuer's option at any time or from time to time. The redemption price for the 2028 Notes to be redeemed on any redemption date prior to June 1, 2028 will be equal to the greater of the following amounts:

100% of the principal amount of the 2028 Notes being redeemed on the redemption date; or

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the sum of the present values of the remaining scheduled payments of principal and interest on the 2028 Notes being redeemed on that redemption date that would be payable if such 2028 Notes matured on June 1, 2028 (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined below) plus basis points, as determined by the Reference Treasury Dealer (as defined below);

plus, in each case, accrued and unpaid interest thereon to the redemption date. The redemption price for the 2028 Notes to be redeemed on any redemption date on or after June 1, 2028 will be equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption. Interest payable on the 2028 Notes with respect to an interest payment date that falls on or before a redemption date shall be made to the holder of such 2028 Notes on the record date related to such interest payment date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Calculation of the redemption price will be made by the issuer or on its behalf by such person as it will designate. Such calculation or the correctness thereof will not be a duty or obligation of the indenture trustee.

On and after the date of redemption, interest will cease to accrue on the 2028 Notes or portion of the 2028 Notes redeemed. However, interest will continue to accrue if the issuer defaults in the payment of the amount due upon redemption.

2048 Notes

The issuer may redeem all or a portion of the 2048 Notes at the issuer's option at any time or from time to time. The redemption price for the 2048 Notes to be redeemed on any redemption date prior to March 1, 2048 will be equal to the greater of the following amounts:

100% of the principal amount of the 2048 Notes being redeemed on the redemption date; or

the sum of the present values of the remaining scheduled payments of principal and interest on the 2048 Notes being redeemed on that redemption date that would be payable if such 2048 Notes matured on March 1, 2048 (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus basis points, as determined by the Reference Treasury Dealer;

plus, in each case, accrued and unpaid interest thereon to the redemption date. The redemption price for the 2048 Notes to be redeemed on any redemption date on or after March 1, 2048 will be equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption. Interest payable on the 2048 Notes with respect to an interest payment date that falls on or before a redemption date shall be made to the holder of such 2048 Notes on the record date related to such interest payment date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Calculation of the redemption price will be made by the issuer or on its behalf by such person as it will designate. Such calculation or the correctness thereof will not be a duty or obligation of the indenture trustee.

On and after the date of redemption, interest will cease to accrue on the 2048 Notes or portion of the 2048 Notes redeemed. However, interest will continue to accrue if the issuer defaults in the payment of the amount due upon redemption.

Adjusted Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the U.S. Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the 2028 Notes or the 2048 Notes, as applicable, to be

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redeemed, calculated as if the maturity date of the 2028 Notes was June 1, 2028 and the maturity date of the 2048 Notes was March 1, 2048, as applicable (the Remaining Life), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the applicable Remaining Life.

Comparable Treasury Price means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (C) if only one Reference Treasury Dealer Quotation is received, such quotation.

Reference Treasury Dealer means (A) each of Mizuho Securities USA LLC, RBC Capital Markets, LLC and TD Securities (USA) LLC, or their respective affiliates which are primary U.S. Government securities dealers in the United States (a Primary Treasury Dealer), and a Primary Treasury Dealer selected by MUFG Securities Americas Inc., and its successors; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by the Company.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the issuer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the issuer by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding such redemption date.

Selection and Notice

If less than all of the notes of a series are to be redeemed in connection with any redemption, the indenture trustee will select notes (or portions of notes) of such series for redemption as follows:

if the notes of such series are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes of such series are listed; or

if the notes of such series are not listed on any national securities exchange, on a pro rata basis, by lot or in such manner as the indenture trustee shall deem appropriate and fair in accordance with applicable procedures of The Depository Trust Company (DTC).

The unredeemed portion of the principal amount of any note shall be in a denomination of at least \$1,000 or integral multiples of \$1,000. As long as the notes are represented by global notes registered in the name of DTC, or its nominee, beneficial interests in such global notes will be selected for redemption by DTC in accordance with its standard procedures therefor.

Notices of redemption will be mailed by first class mail and otherwise delivered in accordance with the applicable procedures of DTC at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note (or through book-entry transfer). The notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on notes or portions of them called for redemption. However, interest will continue to accrue if the issuer defaults in the payment of the amount due upon redemption.

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Assumption

American Water may directly assume the due and punctual payment of the principal of (premium, if any) and interest on all the notes and the performance of every covenant of the indenture on the part of the issuer to be performed or observed. Upon any such assumption, American Water will succeed to and be substituted for and may exercise every right and power of the issuer under the indenture with the same effect as if it had been named as the issuer in the indenture and the issuer will be released from its liability as obligor on the notes. No such assumption shall be permitted unless American Water has delivered to the indenture trustee an officers' certificate of American Water and an opinion of counsel for American Water, each stating that such assumption and supplemental indenture comply with this covenant and that all conditions precedent in the indenture relating to such transaction have been complied with.

Book-Entry Only Issuance

The notes will trade through DTC. The notes will be represented by one or more global certificates and registered in the name of Cede & Co., DTC's nominee. Upon issuance of the notes, DTC or its nominee will credit, on its book-entry registration and transfer system, the principal amount of the notes represented by such global securities to the accounts of institutions that have an account with DTC or its participants. The accounts to be credited shall be designated by the underwriters. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. The global certificates will be deposited with the indenture trustee as custodian for DTC.

Holders of notes may elect to hold interests in a global security through DTC, Clearstream Banking, *société anonyme* (Clearstream, Luxembourg), or Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear), directly if they are participants in such systems, or indirectly through organizations which are participants in such systems.

Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on DTC's books.

For a description of DTC and its book-entry system, see "Description of AWCC Debt Securities and American Water Support Agreement Book-Entry, Delivery and Form Depository Procedures" in the accompanying prospectus.

Purchases of global securities under the DTC system must be made by or through direct participants, which will receive a credit for the global securities on DTC's records. The ownership interest of each actual purchaser of each security (Beneficial Owner) is in turn to be recorded on the direct and indirect participants' records and Clearstream, Luxembourg and Euroclear will credit on their book-entry registration and transfer systems the number of notes sold to certain non-U.S. persons to the account of institutions that have accounts with Euroclear, Clearstream, Luxembourg or their respective nominee participants. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participant or indirect participant through which the Beneficial Owner entered into the transaction.

Title to book-entry interests in the notes will pass by book-entry registration of the transfer within the records of Clearstream, Luxembourg, Euroclear or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the notes may be transferred within Clearstream, Luxembourg and within Euroclear and between Clearstream, Luxembourg and Euroclear in accordance with procedures established for these purposes by Clearstream, Luxembourg and Euroclear. Book-entry interests in the notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfers of book-entry interests in the notes among

Clearstream, Luxembourg, Euroclear and DTC may be effected in accordance with procedures established for this purpose by Clearstream, Luxembourg, Euroclear and DTC.

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Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream, Luxembourg participants or Euroclear participants, on the other, will be effected through DTC in accordance with DTC's rules; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within the established deadlines of such system.

Due to time-zone differences, credits of the notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such notes settled during such processing will be reported to the relevant Clearstream, Luxembourg participant or Euroclear participant on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of the notes by or through a Clearstream, Luxembourg participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

The information in this section and in the accompanying prospectus under "Description of AWCC Debt Securities and American Water Support Agreement Book-Entry, Delivery and Form" concerning DTC and DTC's book-entry system, Clearstream, Luxembourg and Euroclear has been obtained from sources that the issuer and the support provider believe to be reliable, but none of the issuer, the support provider or the underwriters take any responsibility for the accuracy of this information.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the notes by the beneficial owners thereof, which are referred to as Holders. This discussion is limited to the tax consequences to the initial Holders of notes who purchase the notes at the initial offering price and does not address the tax consequences to subsequent purchasers of notes. This summary does not purport to be a complete analysis of all of the potential U.S. federal income tax consequences relating to the purchase, ownership and disposition of the notes, nor does this summary describe any federal estate tax consequences. There can be no assurance that the Internal Revenue Service (the IRS) will take a similar view of the tax consequences described herein. Furthermore, this discussion does not address all aspects of taxation that might be relevant to particular purchasers in light of their individual circumstances. For instance, this discussion does not address the alternative minimum tax provisions of the Code (as defined below) or special rules applicable to certain categories of purchasers (including dealers in securities or foreign currencies, traders in securities that elect to use a mark-to-market method of accounting for the securities holdings, insurance companies, real estate investment trusts, regulated investment companies, financial institutions, tax-exempt entities, persons required to report income with respect to a note no later than such income is reported on an applicable financial statement under Section 451 of the Internal Revenue Code of 1986, as amended (the Code), U.S. Holders (as defined below) whose functional currency is not the U.S. dollar and, except to the extent discussed below, Non-U.S. Holders (as defined below)) or to purchasers who acquire or sell the notes as part of a wash sale for tax purposes or hold the notes as part of a hedge, straddle, conversion or constructive sale transaction or other risk reduction transaction.

This discussion is based on the provisions of the Code, the Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date hereof and all of which are subject to change (possibly with retroactive effect). The discussion below assumes that Holders hold the notes as capital assets within the meaning of Section 1221 of the Code.

If a partnership, or an entity treated as a partnership for U.S. federal income tax purposes, holds any notes, the tax treatment of such entity and each partner will generally depend on the status of the partner and the activities of the partnership. Partnerships and their partners should consult their tax advisors regarding the tax consequences of owning the notes.

Prospective holders are urged to consult their tax advisors as to the specific tax consequences of a purchase of the notes in light of their particular tax situation, including the application and effect of the Code, as well as state, local and foreign income and other tax laws.

Tax Consequences to U.S. Holders

The following summary is a general description of certain U.S. federal income tax consequences applicable to a U.S. Holder. For the purpose of this discussion, U.S. Holder means a Holder of a note that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof (including the District of Columbia), (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, if (A) the administration of the trust is subject to the primary supervision of a court within the United States and one or more U.S. persons has the authority to control all substantial decisions of the trust, or (B) has a valid election in place under applicable U.S. Treasury Regulations to be treated as a U.S. person.

As described above in Description of the Notes Optional Redemption by the Issuer, the issuer may make payments upon a redemption in excess of the principal amount of the notes. Under applicable Treasury Regulations, because the issuer would minimize the yield on the notes by not exercising this redemption option, such payments should not be accounted for in making a determination of whether the notes should be treated as

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contingent payment debt instruments for U.S. federal income tax purposes. Given the issuer's determination, the issuer does not intend to treat the notes as contingent payment debt instruments for U.S. federal income tax purposes. If the IRS or a court were to take a contrary position, the notes could be subject to U.S. federal income tax rules governing contingent payment debt instruments, in which case the amount and timing of income inclusions with respect to the notes and the character of income recognized on a sale, exchange or redemption of a note, could differ materially and adversely from what is described below. The remainder of this discussion assumes that the notes will not be subject to the contingent payment debt instrument rules. This assumption is made solely for U.S. federal income tax purposes and is not an indication of the issuer's intention to call or not to call the notes at any time.

Payments of Stated Interest

Generally, stated interest paid on a note will be taxable to a U.S. Holder as ordinary interest income at the time the interest accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Redemption or Retirement of the Notes

In general, upon the sale, exchange, redemption or retirement of a note, a U.S. Holder will recognize capital gain or loss equal to the difference between the amount realized on such sale, exchange, redemption, retirement (not including any amount attributable to accrued but unpaid interest) and such U.S. Holder's adjusted tax basis in the note. To the extent attributable to accrued but unpaid interest, the amount recognized by the U.S. Holder will be treated as a payment of interest. See *Payments of Stated Interest* above. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to such U.S. Holder. The capital gain or loss will be long-term if a U.S. Holder's holding period is more than one year at the time of sale, exchange, redemption, retirement or other disposition and will be short-term if a U.S. Holder's holding period is one year or less. Long-term capital gains of individuals are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

The assumption described above in *Description of the Notes Assumption* may be treated as a deemed exchange of a note for a new note of the assuming corporation for U.S. federal income tax purposes. If the assumption is treated as a deemed exchange, then the consequences in the preceding paragraph would apply. Prospective Holders are urged to consult their tax advisors regarding the tax consequences of such an assumption.

Under certain circumstances described in *Description of AWCC Debt Securities and American Water Support Agreement Discharge* in the accompanying prospectus, the issuer will be discharged from any and all obligations in respect of the notes. Such discharge may be treated as a taxable exchange for U.S. federal income tax purposes. U.S. Holders should consult their own tax advisors regarding the U.S. federal, state, and local tax consequences of such a discharge.

Medicare Tax

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. Holder's net investment income (or undistributed net investment income, in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders that are individuals, estates or

trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the notes.

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Tax Consequences to Non-U.S. Holders

The following summary is a general description of certain U.S. federal income tax consequences to a Non-U.S. Holder. A Non-U.S. Holder means, for purposes of this discussion, a Holder (other than a partnership, or other entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder. Special rules may apply to certain Non-U.S. Holders such as controlled foreign corporations, passive foreign investment companies and certain U.S. individuals that are expatriates and such Non-U.S. Holders should consult their tax advisors.

Stated Interest

Subject to the discussions below under Backup Withholding and Information Reporting and Withholdable Payments to Foreign Financial Entities and assuming that a Non-U.S. Holder's interest income on a note is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States, payments of interest on a note by the issuer or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax, provided that the Non-U.S. Holder:

does not own, actually or constructively, 10% or more of the total combined voting power of all classes of the issuer's stock entitled to vote;

is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to the issuer through stock ownership;

is not a bank receiving interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code; and

either (1) meets the certification requirements under Code Section 871(h) or 881(c) and Treasury Regulations thereunder (summarized below) in an applicable statement or (2) is a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the securities on behalf of the Non-U.S. Holder and certifies under penalties of perjury that such a statement has been received from the Non-U.S. Holder and furnishes a copy to the applicable withholding agent.

Payments of interest on a note that do not satisfy all of the foregoing requirements are generally subject to U.S. federal income tax and withholding tax at a flat rate of 30% (or a lower applicable treaty rate, provided certain certification requirements are met).

Except to the extent otherwise provided under an applicable tax treaty, a Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to interest that is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder. Effectively connected interest income received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate, or, if applicable, a lower treaty rate. Such effectively connected interest income will not be subject to withholding tax if the Non-U.S. Holder delivers an IRS Form W-8ECI to the payor.

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Under Code Sections 871(h) and 881(c) and the underlying U.S. Treasury Regulations, in order to obtain the exemption from withholding tax described above, the Non-U.S. Holder of a note must provide its name and address, and certify, under penalties of perjury, to AWCC or the paying agent, as the case may be, that such Holder is a Non-U.S. Holder. Such certification may be made on IRS Form W-8BEN or W-8BEN-E as applicable. In general, a certificate described in this paragraph is effective only with respect to payments of interest made to the certifying Non-U.S. Holder after issuance of the certificate in the calendar year of its issuance and the three immediately succeeding calendar years (or, if earlier, until a change in circumstances makes any of the information in the form incorrect).

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Repayment of Principal and Realized Gain

Subject to the discussions below under Backup Withholding and Information Reporting and Withholdable Payments to Foreign Financial Entities, a Non-U.S. Holder of a note will not be subject to U.S. federal withholding tax on the receipt of payments of principal on the note, and a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption, retirement or other disposition of such note (other than amounts attributable to accrued but unpaid interest, which will be treated as described under Tax Consequences to Non-U.S. Holders Stated Interest above), or receipt of principal, unless:

such Non-U.S. Holder is a nonresident alien individual who is present in the United States for 183 or more days in the taxable year of disposition and certain other conditions are met;

the Non-U.S. Holder is required to pay tax pursuant to the provisions of U.S. tax law applicable to certain U.S. expatriates; or

the gain is effectively connected with the conduct of a U.S. trade or business of and, if a tax treaty so provides, is attributable to a U.S. permanent establishment of, the Non-U.S. Holder.

Backup Withholding and Information Reporting

Under current U.S. federal income tax law, backup withholding and information reporting requirements apply to certain payments of principal and interest made to, and to the proceeds of sale before maturity by, certain U.S. Holders.

In the case of a non-corporate U.S. Holder, information reporting requirements will apply to payments of principal or interest made by the issuer or any paying agent thereof on a note. The payor will be required to withhold backup withholding tax at the current rate of 24% with respect to certain reportable payments, including interest on or principal (and premium, if any) of a note and the gross proceeds from a disposition of a note if:

a U.S. Holder fails to furnish its Taxpayer Identification Number (TIN) (which, for an individual, is his or her Social Security number) to the payor in the manner required;

a U.S. Holder furnishes an incorrect TIN and the payor is so notified by the IRS;

in the case of an interest payment, the payor is notified by the IRS that such U.S. Holder has failed to properly report payments of interest or dividends; or

in the case of an interest payment, a U.S. Holder fails to certify under penalties of perjury that it has furnished a correct TIN, is a U.S. person, and has not been notified by the IRS that it is subject to backup withholding for failure to report interest or dividend payments.

Backup withholding and information reporting do not apply with respect to payments made to certain exempt recipients, which currently include entities treated as corporations for U.S. federal income tax purposes provided their exemptions from backup withholding are properly established.

In the case of a Non-U.S. Holder, under currently applicable Treasury Regulations, backup withholding and information reporting will not apply to payments of principal or interest made by the issuer or any paying agent thereof on a note (absent actual knowledge or reason to know that the Holder is actually a U.S. Holder) if such Non-U.S. Holder has provided the required certification under penalties of perjury that it is not a U.S. Holder or has otherwise established an exemption. However, the issuer and other payors are required to report payments of interest on a Non-U.S. Holder's notes on IRS Form 1042-S even if the payments are not otherwise subject to information reporting requirements. If such Holder provides the required certification, such Holder may nevertheless be subject to withholding of U.S. federal income tax as described above under Tax Consequences to Non-U.S. Holders Stated Interest. The rules regarding withholding, backup withholding and

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information reporting for Non-U.S. Holders are complex, may vary depending on a Non-U.S. Holder's particular situation and are subject to change. In addition, special rules apply to certain types of Non-U.S. Holders, including partnerships, trusts and other entities treated as pass-through entities for U.S. federal income tax purposes. Non-U.S. Holders of notes should accordingly consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption if applicable.

Backup withholding is not an additional tax; any amounts withheld from a payment to a Holder under the backup withholding rules will be allowed as a credit against such Holder's U.S. federal income tax liability and may entitle such Holder to a refund, provided that certain required information is furnished to the IRS.

Withholdable Payments to Foreign Financial Entities

Under the Foreign Account Tax Compliance Act (FATCA), the issuer and/or other payors generally will be required to withhold 30% of any interest on the notes, and, effective January 1, 2019, 30% of the gross proceeds from a sale, exchange, redemption or retirement of the notes, paid (i) to a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other requirements, or (ii) to a non-financial foreign entity unless such entity certifies that it does not have any substantial United States owners or provides the name, address and taxpayer identification number of each substantial United States owner and meets certain other requirements. Foreign financial institutions located in jurisdictions that have intergovernmental agreements with the United States may be subject to different rules. If payment of this withholding tax is made, Non-U.S. Holders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such interest or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. You should consult your tax advisor regarding the potential application of these withholding rules to your investment in the notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of notes, including the tax consequences under state, local, foreign and other tax laws.

Table of Contents**UNDERWRITING (CONFLICTS OF INTEREST)**

Subject to the terms and conditions set forth in an underwriting agreement dated the date of this prospectus supplement between the issuer, American Water and the underwriters named below, the issuer has agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from the issuer, the principal amount of notes set forth opposite its name below:

Underwriter	Principal Amount of 2028 Notes	Principal Amount of 2048 Notes
Mizuho Securities USA LLC	\$	\$
MUFG Securities Americas Inc.		
RBC Capital Markets, LLC		
TD Securities (USA) LLC		
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
PNC Capital Markets LLC		
J.P. Morgan Securities LLC		
U.S. Bancorp Investments, Inc.		
Wells Fargo Securities, LLC		
BB&T Capital Markets, a division of BB&T Securities, LLC		
Regions Securities LLC		
Blaylock Van, LLC		
C.L. King & Associates, Inc.		
Loop Capital Markets LLC		
MFR Securities, Inc.		
Mischler Financial Group, Inc.		
Multi-Bank Securities, Inc.		
Samuel A. Ramirez & Company, Inc.		
Siebert Cisneros Shank & Co., L.L.C.		
Telsey Advisory Group LLC		
The Williams Capital Group, L.P.		
Total	\$	\$

The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. The underwriting agreement provides that the underwriters are obligated to purchase all of the notes in the offering if any are purchased.

The underwriters have advised the issuer and American Water that they propose initially to offer each series of notes at the price to public set forth on the cover of this prospectus supplement with respect to such series, and to certain dealers at such price less a concession not in excess of % of the principal amount of the 2028 Notes and of % of the principal amount of the 2048 Notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of % of the principal amount of the 2028 Notes and of % of the principal amount of the 2048 Notes to

certain other dealers. If all of a series of notes are not sold at the price to public of such series of notes set forth on the cover page of this prospectus supplement, the offering price and other selling terms for such series of notes may be changed by the underwriters.

American Water estimates that the total expenses of the offering, including registration, printing fees and legal and accounting expenses but excluding underwriting discounts, will be approximately \$2,350,000.

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The issuer and the support provider have agreed to indemnify the underwriters against liabilities relating to this offering, including liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

The notes are each a new issue of securities with no established trading market. The issuer does not intend to apply for listing of the notes on any securities exchange or on any automated dealer quotation system. American Water and the issuer have been advised by the underwriters that they presently intend to make a market in the notes as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the notes and any such market making may be discontinued without notice at any time at the sole discretion of the underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the notes.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of notes in excess of the principal amount of notes the underwriters are obligated to purchase, which creates a short position.

The underwriters may bid for and purchase notes in the open market.

Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the notes originally sold by the underwriters are purchased in a stabilizing covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be discontinued at any time without notice.

Conflicts of Interest

The underwriters and their affiliates have engaged, and may in the future engage, in transactions with, and from time to time have performed services for, the issuer, the support provider and the support provider's affiliates in the ordinary course of business, for which they have received and will receive customary compensation. Affiliates of certain of the underwriters are also lenders under the issuer's primary revolving credit facility and dealers under the issuer's commercial paper program.

Certain of the underwriters or their affiliates may hold a portion of the long-term debt or commercial paper that the issuer intends to repay using the net proceeds from this offering. In such event, it is possible that one or more of the underwriters or their affiliates could receive at least 5% of the net proceeds from the offering, and in that case such underwriter would be deemed to have a conflict of interest under FINRA Rule 5121. In the event of any such conflict of interest, such underwriter would be required to conduct the distribution of the notes in accordance with FINRA Rule 5121. If the distribution is conducted in accordance with FINRA Rule 5121, such underwriter would not be

permitted to confirm a sale to an account over which it exercises discretionary authority without first receiving specific written approval from the account holder.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the issuer, the support provider or the support provider's affiliates. If any of the underwriters or their affiliates have a lending

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relationship with the issuer, the support provider or the support provider's affiliates, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters may hedge, their credit exposure to the issuer, the support provider or the support provider's affiliates consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities of the issuer, the support provider or the support provider's affiliates, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Trustee Conflict of Interest

Wells Fargo Securities, LLC, an affiliate of the trustee, is an underwriter for this offering. Therefore, if a default occurs with respect to the notes, the trustee would have a conflicting interest for purposes of the Trust Indenture Act of 1939. In that event, except in very limited circumstances, the trustee would be required to resign as trustee under the indenture under which the notes are being issued and we would be required to appoint a successor trustee. If the trustee resigns following a default, it may be difficult to identify and appoint a qualified successor trustee.

Selling Restrictions

Canada

The notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

PRIIPs Regulation/Prospectus Directive/Prohibition of Sales to EEA Retail Investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) or: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive). Consequently no key

information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the notes or otherwise making them available to any

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retail investor in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of notes in any member state of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirements to publish a prospectus for offers of the notes. This prospectus supplement and the accompanying prospectus is not a prospectus for purposes of the Prospectus Directive as implemented in member states of the EEA.

Hong Kong

The notes have not been and may not be offered or sold in Hong Kong by means of any document (except for notes which are structured product as defined in the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong) (the Securities and Futures Ordinance)) other than (i) to professional investors as defined in the Securities and Futures Ordinance and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, the Laws of Hong Kong) (the C(WUMP)O) or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No advertisement, invitation or document relating to the notes has been or may be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Neither this prospectus supplement nor the accompanying prospectus has been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the SFA)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold

investments and each beneficiary of the trust is an accredited investor, the securities (as defined in

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Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed or purchased the notes under an offer made pursuant to Section 275 of the SFA except: (1) to an institutional investor pursuant to Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA, (2) where no consideration is or will be given for the transfer, (3) where the transfer is by operation of law, (4) as specified in Section 276(7) of the SFA, or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland, and will not be listed on the SIX Swiss Exchange Ltd or any other exchange or regulated trading venue in Switzerland. Neither this prospectus supplement and the accompanying prospectus, nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd or any other exchange or regulated trading venue in Switzerland, and neither this prospectus nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to and are only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons.

Each underwriter

has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

Certain legal matters in connection with this offering, including the validity of the notes, will be passed upon for AWCC and American Water by Morgan, Lewis & Bockius LLP, New York, New York. Certain legal matters in

connection with this offering will be passed upon for AWCC and American Water by Jeffrey M. Taylor, Secretary of AWCC and Chief SEC & Corporate Governance Counsel and Assistant Secretary of American Water. The validity of the notes will be passed upon for the underwriters by Sullivan & Cromwell LLP, New York, New York. As of August 6, 2018, Mr. Taylor owned 297 shares of American Water's common stock, 2,033 performance stock units, none of which are earned, 572 unvested restricted stock units and options to purchase 2,185 shares of its common stock, of which options to purchase 1,456 shares are vested.

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American Water Works Company, Inc.

Common Stock

Preferred Stock

Support Agreement

Depository Shares

Stock Purchase Contracts

Stock Purchase Units

Subscription Rights

Warrants

American Water Capital Corp.

Debt Securities

The securities covered by this prospectus may be sold by American Water Works Company, Inc., or American Water, from time to time, independently or together with American Water Capital Corp., or AWCC, a wholly-owned subsidiary of American Water Works Company, Inc. Any debt securities issued by AWCC will have the benefit of a support agreement from American Water. In addition, selling security holders who may be named in a prospectus supplement may offer and sell from time to time securities in such amounts as set forth in such prospectus supplement. We may, and any selling security holder may, offer the securities independently or together in any combination for sale directly to purchasers or through underwriters, dealers or agents to be designated at a future date. We may, and any selling security holder may, offer and sell these securities in amounts, at prices and on terms determined at the time of the offering. Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds from the sale of securities by any selling security holders.

When we offer securities, a prospectus supplement will describe the specific terms of the specific issue of securities. Prospectus supplements may also add, update or change the information in this prospectus. You should carefully read this prospectus and the prospectus supplement relating to the specific issue of securities, together with the documents we incorporate by reference, before you decide to invest in any of these securities.

American Water Works Company, Inc. common stock is listed on the New York Stock Exchange under the symbol AWK. The mailing address of our principal executive offices is 1025 Laurel Oak Road, Voorhees, New Jersey 08043, and our telephone number is (856) 346-8200.

Investing in these securities involves certain risks. See **Risk Factors** on page i of this prospectus. You should carefully review the risks and uncertainties described under the heading **Risk Factors** contained in this prospectus and any risk factors set forth in each applicable prospectus supplement and any related free writing prospectus, and under similar headings in the other documents that are incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The securities may be offered and sold to or through underwriters, dealers, agents or other third parties as designated from time to time, or directly to one or more other purchasers or through a combination of such methods on a continuous or delayed basis. See Plan of Distribution on page 30. If any underwriters, dealers or agents are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangements between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement.

The date of this prospectus is May 1, 2018.

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RISK FACTORS

An investment in our securities involves risk. Before you invest in securities issued by us, you should carefully consider the risks involved. Accordingly, you should carefully consider:

the information contained in or incorporated by reference into this prospectus;

the information contained in or incorporated by reference into any prospectus supplement relating to specific offerings of securities;

the risks described in our Annual Report on Form 10-K for our most recent fiscal year and in any Quarterly Report on Form 10-Q which we have filed since our most recent Annual Report on Form 10-K, each of which is incorporated by reference into this prospectus; and

other risks and other information that may be contained in, or incorporated by reference from, other filings we make with the SEC, including in any prospectus supplement relating to specific offerings of securities. The discussion of risks related to our business contained in or incorporated by reference into this prospectus or into any prospectus supplement comprises material risks of which we are aware. If any of the events or developments described actually occurs, our business, financial condition or results of operations would likely suffer.

You should also be aware that new risks may emerge in the future at any time, and we cannot predict such risks or estimate the extent to which they may affect our business, financial condition or results of operations. The prospectus supplement applicable to each type or series of securities we offer may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under that prospectus supplement.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that American Water and AWCC filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we, or certain of our security holders, may sell the securities described in this prospectus in one or more offerings from time to time. Each time we, or, under certain circumstances, our security holders, sell securities under this shelf registration, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to, modify or supersede the information contained in this prospectus. You should read both this prospectus and the applicable prospectus supplement together with the additional information referred to below under Where You Can Find More Information. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement.

The prospectus supplement will describe: the terms of the securities offered, any initial public offering price, any price paid to us for the securities, the net proceeds to us, if any, the manner of distribution and any underwriting compensation and the other specific material terms related to the offering of the applicable securities. For more detail on the terms of the securities, you should read the exhibits filed with or incorporated by reference in our registration statement of which this prospectus forms a part.

All references in this prospectus to we, our and us refer to American Water Works Company, Inc. and its consolidated subsidiaries unless the context otherwise requires. The term American Water refers to American Water Works Company, Inc. The term AWCC refers to American Water Capital Corp.

References to securities include any security that we or our security holders might sell under this prospectus or any prospectus supplement.

This prospectus contains summaries of certain provisions contained in some of the documents described herein. Please refer to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Copies of the documents referred to herein have been filed, or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under Where You Can Find More Information.

You should rely only on the information incorporated by reference into this prospectus or provided in this prospectus or any prospectus supplement or in any written communication from us specifying the final terms of a particular offering of securities. We have not authorized anyone to provide you with different information. The distribution of this prospectus and sale of these securities in certain jurisdictions may be restricted by law. You should inform yourself about and observe any such restrictions. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only and any information we have incorporated by reference is only accurate as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since that date.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, the documents incorporated by reference or any other written or oral statements made by or on behalf of American Water or AWCC may include statements that reflect current views with respect to future events. These statements are forward-looking statements within the meaning of Section 27A of the

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Securities Act of 1933, as amended, or the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform

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Act of 1995. 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, future, pending, goal, objective, potential, continue, seek to, may, can, should, will and could, terms or other variations or similar expressions. Forward-looking statements may relate to, among other things, future financial performance, including adjusted operation and maintenance, or O&M, efficiency ratio, cash flows, growth and portfolio optimization strategies; projected capital expenditures and related funding requirements; the ability to repay debt; the projected strategy to finance current operations and growth initiatives; the impact of legal proceedings and potential fines and penalties; business process and technology improvement initiatives; trends in the utility and water services industries; and regulatory, legislative, political, tax policy or legal developments or rate adjustments, including rate case filings, filings for infrastructure surcharges and filings to address regulatory lag.

Forward-looking statements are predictions based on our current expectations and assumptions regarding future events. They are not guarantees of any outcomes, financial results or levels of performance and you are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Our actual results may vary materially from those discussed in such forward-looking statements as a result of the following important factors:

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;

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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 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; and

the impact of new, and changes to existing, accounting standards.

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These forward-looking statements are qualified by, and should be read together with, the risk factors and other cautionary statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017, and our other filings with the SEC, which are incorporated by reference into this prospectus, and you should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements we make speak only as of the date of the document in which they are contained. Except as required by the federal securities laws, we do not have any obligation, and we specifically disclaim any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on our 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.

AMERICAN WATER WORKS COMPANY, INC.

We are the most geographically diversified, as well as the largest publicly-traded, U.S. water and wastewater utility company, as measured by both operating revenues and population served. As a holding company, we conduct substantially all of our business operations through our subsidiaries. We employ approximately 6,900 employees to provide an estimated 15 million people with drinking water, wastewater and other water-related services in 46 states, the District of Columbia and Ontario, Canada.

In 2017, American Water generated \$3,357 million in total consolidated operating revenues and \$426 million in net income attributable to common stockholders. In 2016, American Water generated \$3,302 million in total consolidated operating revenues and \$468 million in net income attributable to common stockholders.

American Water conducts its business primarily through its Regulated Businesses segment. American Water also operates businesses that provide a broad range of related and complementary water and wastewater services in non-regulated markets, which includes four operating segments that individually do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States, which are collectively referred to in this prospectus as its Market-Based Businesses.

For 2017, American Water's Regulated Businesses segment generated \$2,958 million in operating revenues, prior to inter-segment eliminations, which accounted for 88.1% of American Water's total consolidated operating revenues. For the same period, American Water's Market-Based Businesses generated \$422 million in operating revenues, prior to inter-segment eliminations, which accounted for 12.6% of total consolidated operating revenues.

American Water's principal executive offices are located at 1025 Laurel Oak Road, Voorhees, New Jersey 08043, and its telephone number is (856) 346-8200.

AMERICAN WATER CAPITAL CORP.

American Water's financing activities include the issuance of long-term and short-term debt, primarily through AWCC, its wholly owned finance subsidiary. AWCC loans all of the net proceeds of its long-term debt financings to American Water's regulated operating subsidiaries, as well as to American Water. AWCC also provides liquidity to the Regulated Businesses segment and American Water through AWCC's revolving credit facility and commercial paper program. All of AWCC's long-term debt loaned to American Water's Regulated Businesses segment or American Water is evidenced by promissory notes issued to AWCC by the regulated operating subsidiaries or American Water, as applicable. As of December 31, 2017, American Water had \$7,725 million in total debt, including \$6,498 million in

long-term debt, of which the current portion is \$322 million , and \$905 million in short-term commercial paper borrowings at AWCC.

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AWCC's principal executive offices are located at 1025 Laurel Oak Road, Voorhees, New Jersey 08043, and its telephone number is (856) 346-8200.

USE OF PROCEEDS

Unless we inform you otherwise in a prospectus supplement or free writing prospectus, the net proceeds from the sale of AWCC Debt Securities will be used to repay certain of our outstanding indebtedness or loaned to American Water and/or its regulated operating subsidiaries, and American Water and/or its regulated operating subsidiaries intend to use the proceeds of such loans, and the net proceeds from the sale of securities issued by American Water, for the following purposes:

acquisitions;

the repayment of indebtedness incurred by American Water or one or more regulated operating subsidiaries;

the repurchase of capital stock of American Water or one or more regulated operating subsidiaries; and/or

general corporate purposes, including without limitation for working capital, operation and maintenance expenses, infrastructure improvements and other capital expenditures.

Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds from any sales of our securities by any selling security holder who may be named in a prospectus supplement.

RATIO OF EARNINGS TO FIXED CHARGES

For purposes of calculating the ratio of earnings to fixed charges, earnings consists of income (loss) from continuing operations before income taxes including the effect of allowance for funds used during construction, which we refer to as AFUDC, plus fixed charges. Fixed charges consist of interest expense, amortization of debt issuance costs, and a portion of rent expense that management believes is representative of the interest component of rental expense. Fixed charges have not been reduced for the effect of AFUDC. In addition, neither American Water nor AWCC had any preferred stock outstanding for any period presented, and accordingly, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges.

American Water's and AWCC's ratios of earnings to fixed charges for each of the periods indicated are as follows:

	For the year ended December 31,				
	2013	2014	2015	2016	2017
American Water Works Company, Inc.					
Ratio of Earnings to Fixed Charges	2.88	3.27	3.42	3.27	3.54
American Water Capital Corp.					
Ratio of Earnings to Fixed Charges	1.00	1.00	1.00	1.00	1.00

SELLING SECURITY HOLDERS

We may register securities covered by this prospectus for re-offers and resales by any selling security holders who may be named in a prospectus supplement. Because American Water is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act, we may add secondary sales of securities by any selling

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security holders by filing a prospectus supplement with the SEC. We may register these securities to permit selling security holders to resell their securities when they deem appropriate. A selling security holder may resell all, a portion or none of their securities at any time and from time to time. We may register those securities for sale through an underwriter or other plan of distribution as set forth in a prospectus supplement. See Plan of Distribution.

Selling security holders may also sell, transfer or otherwise dispose of some or all of their securities in transactions exempt from the registration requirements of the Securities Act. We may pay all expenses incurred with respect to the registration of the securities owned by the selling security holders, other than underwriting fees, discounts or commissions, which will be borne by the selling security holders. A prospectus supplement will name the selling security holders and specify the amount of securities to be registered and sold and any other terms of the securities being sold by a selling security holder. The applicable prospectus supplement will also disclose whether any of the selling security holders has held any position or office with, has been employed by or otherwise has had a material relationship with us during the three years prior to the date of the applicable prospectus supplement.

DESCRIPTION OF CAPITAL STOCK

The following description of American Water's common stock and preferred stock is not intended to be complete. For more information regarding the common stock and preferred stock that may be offered by this prospectus, please refer to American Water's restated certificate of incorporation, which we refer to below as American Water's certificate of incorporation, and American Water's amended and restated bylaws, which we refer to below as American Water's bylaws. The certificate of incorporation and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The terms of these securities also may be affected by the General Corporation Law of the State of Delaware, which we refer to below as the DGCL.

General

American Water's authorized capital stock consists of 500,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock. As of April 26, 2018, there were 178,047,882 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

Other than with respect to director elections, except as otherwise required by law, all matters to be voted on by American Water's stockholders must be approved by a majority of the shares present in person or proxy at such meeting and entitled to vote on the subject matter. With respect to uncontested director elections, American Water's bylaws require that in order to be elected, a director nominee must receive a majority of the votes cast (for this purpose, a majority of the votes cast means that the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). For contested director elections where the number of nominees exceeds the number of directors to be elected, American Water's bylaws require that the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Dividends

Holders of common stock will share equally in any dividend declared by American Water's board of directors, subject to the rights of the holders of any outstanding preferred stock.

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Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of American Water's affairs, holders of American Water's common stock would be entitled, after payment of the liquidation preference to all holders of any outstanding preferred stock, to share ratably in American Water's assets that are legally available for distribution to stockholders after payment of liabilities. American Water must pay the applicable distribution to any holders of its preferred stock before it may pay distributions to the holders of its common stock.

Other Rights

American Water's stockholders have no preemptive or other rights to subscribe for additional shares.

Preferred Stock

American Water's board of directors may authorize the issuance of preferred stock from time to time in one or more series, without stockholder approval. Subject to the limits imposed by the DGCL, the board of directors is authorized to fix for any series of preferred stock the number of shares of such series and the voting powers (if any), designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series. American Water's board of directors is also authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by American Water's stockholders.

American Water's board of directors may authorize the issuance of preferred stock with voting or conversion rights that affect adversely the voting power or other rights of American Water's common stockholders. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control, causing the market price of American Water's common stock to decline, or impairing the voting and other rights of the holders of American Water's common stock. Any restriction on the repurchase or redemption of shares of preferred stock while dividends on such shares are in arrears shall be set forth in the applicable prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information referred to below under "Where You Can Find More Information."

For any series of preferred stock that American Water may issue, American Water's board of directors will determine and the prospectus supplement relating to such series will describe:

the number of shares constituting such series and the distinctive designation of the series;

the dividend rate on the shares of the series, the conditions and dates upon which dividends thereon shall be payable, the extent, if any, to which dividends thereon shall be cumulative, and the relative rights of preference, if any, of payment of dividends thereon;

whether or not the shares of the series are redeemable and, if redeemable, the time or times during which they shall be redeemable and the amount per share payable on redemption thereof, which amount may, but need not, vary according to the time and circumstances of such redemption;

the amount payable in respect of the shares of the series, in the event of any liquidation, dissolution or winding up of American Water, which amount may, but need not, vary according to the time or circumstances of such action, and the relative rights of preference, if any, of payment of such amount;

any requirement as to a sinking fund for the shares of the series, or any requirement as to the redemption, purchase or other retirement by American Water of the shares of the series;

whether or not the shares of the series will have priority over or be on a parity with or be junior to the shares of any other series or class of stock in any respect, or will be entitled to the benefit of limitations

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restricting the issuance of shares of any other series or class of stock, restricting the payment of dividends on or the making of other distributions in respect of shares of any other series or class of stock ranking junior to the shares of the series as to dividends or assets, or restricting the purchase or redemption of the shares of any such junior series or class, and the terms of any such restriction;

the right, if any, to exchange or convert shares of the series into other securities or property, and the rate or basis, time, manner and condition of exchange or conversion;

the voting rights, if any, to which the holders of shares of the series shall be entitled in addition to the voting rights provided by law; and

any other term, condition or provision with respect to the series not inconsistent with the provisions of American Water's certificate of incorporation or any resolution adopted by the board of directors pursuant thereto.

Certain Anti-Takeover Provisions of American Water's Certificate of Incorporation and Bylaws, and the DGCL

The following provisions of American Water's certificate of incorporation and bylaws could deter, delay or prevent a third party from acquiring American Water, even if doing so would benefit American Water's stockholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for American Water's board of directors to authorize the issuance of preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire American Water. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of American Water.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

American Water's bylaws provide that special meetings of stockholders may be called only upon the request of the majority of American Water's board of directors, upon request of the Chairman of American Water's board of directors, or by American Water's Secretary upon request of stockholders holding at least 15% of American Water's outstanding common stock. American Water's bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

American Water's bylaws establish advance notice procedures with respect to stockholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of American Water's board of directors or a committee of the board of directors. A stockholder who wishes to bring a matter before a meeting must comply with American Water's advance notice requirements and provide us with certain information. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, or by stockholders. These provisions may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of American Water.

Stockholder Action by Written Consent

As permitted by Section 228 of the DGCL, American Water's certificate of incorporation states that any action required or permitted to be taken by American Water's stockholders must be effected at a duly called annual or special meeting of American Water's stockholders and may not be effected by consent in writing by such stockholders.

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Acquisitions of Control of a Regulated Public Utility

A significant number of our regulated subsidiaries are subject to economic regulation by state public utility commissions. Some of these states have enacted laws that require regulatory approval for the acquisition of control of any regulated utility. In those states, obtaining control of the parent or any other company that controls a regulated utility also requires prior regulatory approval. The threshold for a change in control is a fact-specific inquiry that varies by state. For example, in some states, a presumption of control will arise when an acquiring party acquires more than 9.9% of the voting securities of the regulated utility or the controlling entity. In addition to ownership, other states may analyze the degree of influence or control an acquiror may exert over the company. Any person acquiring American Water's common stock in an offering or in any other purchase of American Water's common stock in an amount sufficient to trigger a change in control under state law would need to obtain the prior approval of the applicable state public utility commission.

Certain Other Provisions of American Water's Certificate of Incorporation and Bylaws and Delaware Law

Board of Directors

American Water's certificate of incorporation provides that the number of directors is fixed in the manner provided in American Water's bylaws. American Water's bylaws provide that the number of directors will be fixed from time to time by American Water's board.

Business Combinations under Delaware Law

American Water is subject to Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the time the stockholder became an interested stockholder, subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the stockholder becoming an interested stockholder. Business combinations include mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to various exceptions, an interested stockholder is a person who, together with his or her affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors.

Limitations of Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. American Water's certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

for breach of the duty of loyalty;

for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;

under Section 174 of the DGCL (relating to unlawful dividends or stock repurchases); or

for transactions from which the director derived improper personal benefit.

American Water's certificate of incorporation and bylaws provide that it will indemnify its directors and officers to the fullest extent permitted by law. American Water's bylaws also expressly authorize American Water to carry directors and officers' insurance providing indemnification for American Water's directors, officers and certain employees and agents for some liabilities.

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The limitation of liability and indemnification provisions in American Water's certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit American Water and its stockholders. In addition, your investment may be adversely affected to the extent American Water pays the costs of settlement and damage awards against directors and officers in accordance with these indemnification provisions.

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC serves as the registrar and transfer agent for American Water's common stock.

New York Stock Exchange Symbol

American Water's common stock is listed on the New York Stock Exchange under the trading symbol AWK.

DESCRIPTION OF AWCC DEBT SECURITIES AND AMERICAN WATER SUPPORT AGREEMENT

The following description of the terms of the debt securities sets forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of the debt securities offered by any prospectus supplement and the extent, if any, to which these general provisions may apply to those debt securities, will be described in the prospectus supplement relating to those debt securities. Accordingly, for a description of the terms of a particular issue of debt securities, reference must be made to both the prospectus supplement relating thereto and to the following description.

AWCC may issue debt securities from time to time in one or more series. The debt securities will be general obligations of AWCC. Any debt securities issued by AWCC will have the benefit of a support agreement from American Water. In the event that any series of debt securities will be subordinated to other indebtedness that AWCC has outstanding or may incur, the terms of the subordination will be set forth in the prospectus supplement relating to the subordinated debt securities. We expect that each series of debt securities will be issued under an indenture dated as of December 4, 2009, between AWCC and Wells Fargo Bank, National Association, as trustee, as the same may be amended or supplemented from time to time. The indenture and the form of supplemental indenture or other instrument establishing the debt securities of a particular series are filed as exhibits to, or will be subsequently incorporated by reference into, the registration statement of which this prospectus is a part. There is no requirement under the indenture that our future issuances of debt securities be issued exclusively under the indenture, and we will be free to employ other indentures or documentation, containing provisions different from those included in the indenture or applicable to one or more issuances of debt securities debt securities in connection with future issuances of other debt securities.

The following discussion of certain provisions of the indenture is a summary only and should not be considered a complete description of the terms and provisions of the indenture. Accordingly, the following discussion is qualified in its entirety by reference to the provisions of the indenture, including the definition of certain terms used below.

General

The debt securities represent direct, unsecured, general obligations of AWCC and:

may rank equally with other unsubordinated debt or may be subordinated to other debt AWCC has or may incur;

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may be issued in one or more series with the same or various maturities;

may be issued at a price of 100% of their principal amount or at a premium or discount;

may be issued in registered or bearer form and certificated or uncertificated form;

may be represented by one or more global securities registered in the name of a designated depository's nominee, and if so, beneficial interests in the global debt security will be shown on and transfers will be made only through records maintained by the designated depository and its participants; and

will have the benefit of a support agreement, dated June 22, 2000, and amended as of July 26, 2000, between AWCC and American Water, which we refer to as the support agreement.

The aggregate principal amount of debt securities that AWCC may authenticate and deliver is unlimited. The debt securities may be issued in one or more series as we may authorize from time to time. You should refer to the applicable prospectus supplement for the following terms of the debt securities of the series with respect to which that prospectus supplement is being delivered:

- (1) the title of the debt securities of the series (which shall distinguish the debt securities of that particular series from the debt securities of any other series);
- (2) the price or prices of the debt securities of the series;
- (3) any limit upon the aggregate principal amount of the debt securities of the series which may be authenticated and delivered under the indenture (except for debt securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other debt securities of the series and except for any debt securities which are deemed never to have been authenticated and delivered);
- (4) the person to whom any interest on a debt security of the series shall be payable, if other than the person in whose name that debt security (or one or more predecessor securities) is registered at the close of business on the regular record date for such interest;
- (5) the date or dates on which the principal and premium of any debt securities of the series are payable;
- (6) the rate or rates (which may be fixed or variable) at which any debt securities of the series shall bear interest (if any), or the method of determining such rate or rates, the date or dates from which any such interest shall accrue, the interest payment dates on which any such interest shall be payable, and the regular record date for any such interest payable on any interest payment date;

- (7) the period or periods within which, the price or prices at which and the terms and conditions upon which any debt securities of the series may be redeemed, in whole or in part, at the option of AWCC (including without limitation the number of basis points specified for such series for purposes of determining any make-whole amount in respect thereof, and any reference treasury dealers for such series) and, if other than by a board resolution, the manner in which any election by AWCC to redeem the debt securities shall be evidenced;
- (8) the obligation, if any, of AWCC to redeem or purchase any debt securities of the series at the option of the holder thereof, or at the option of any other person, and the period or periods within which, the price or prices at which and the terms and conditions upon which any debt securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;
- (9) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any debt securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, and such other or additional provisions (including, without limitation, in respect of defeasance and covenant defeasance) as shall be necessary and desirable in connection therewith;
- (10) if other than the entire principal amount thereof, the portion of the principal amount of any debt securities of the series which shall be payable upon declaration of acceleration of the maturity thereof;

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- (11) if the principal amount payable at the stated maturity of any debt securities of the series will not be determinable as of any one or more dates prior to the stated maturity, the amount which shall be deemed to be the principal amount of such debt securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any maturity other than the stated maturity or which shall be deemed to be outstanding as of any date prior to the stated maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);
- (12) if applicable, that any debt securities of the series shall be issuable in whole or in part in the form of one or more debt securities in registered, global form without interest coupons, which we refer to as global securities, and in such case, the respective depositaries for such global securities, the form of any legend or legends which shall be borne by any such global security, whether such global securities shall be in the form of registered securities, restricted securities or Regulation S securities and any circumstances in which any such global security may be exchanged in whole or in part for debt securities registered, and any transfer of such global security in whole or in part may be registered, in the name or names of persons other than the depositary for such global security or a nominee thereof;
- (13) the terms, if any, upon which the debt securities of the series may be convertible into or exchanged for AWCC s other debt securities or other securities of any kind and the terms and conditions upon which such conversion or exchange shall be effected, including the initial conversion or exchange price or rate, the conversion or exchange period and any other additional provisions;
- (14) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the debt securities of the series shall be issuable;
- (15) if the amount of principal, premium or interest with respect to the debt securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts will be determined;
- (16) any changes or additions to the provisions of the indenture dealing with defeasance;
- (17) the terms, if any, of the transfer, mortgage, pledge or assignment as security for the debt securities of the series of any properties, assets, moneys, proceeds, securities or other collateral, including whether certain provisions of the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act , are applicable and any corresponding changes to provisions of the indenture as then in effect;
- (18) any addition to or change in the events of default with respect to any debt securities of the series and any change in the right of the trustee or the holders of such series of debt securities to declare the principal, premium and interest, if any, on such series of debt securities due and payable;
- (19) any trustee, authenticating agent, paying agent, transfer agent or registrar;

- (20) the applicability of, and any addition to or change in, the covenants and definitions then set forth in the indenture;
- (21) the subordination, if any, of the debt securities of the series pursuant to the indenture and any changes or additions to the provisions of the indenture relating to subordination;
- (22) with regard to debt securities of the series that do not bear interest, the dates for certain required reports to the trustee;
- (23) any U.S. Federal Income tax consequences applicable to the debt securities; and
- (24) any other terms of the series.

All debt securities of one series need not be issued at the same time, and a series may be re-opened for issuances of additional debt securities of such series. This means that AWCC may from time to time, without notice to, or the consent of any existing holders of the previously-issued debt securities of a particular series, create and issue additional debt securities of such series. Such additional debt securities will have the same terms as the previously-issued debt securities of such series in all respects except for the issue date, public offering

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price and, if applicable, the initial interest payment date. The additional debt securities will be consolidated and form a single series with the previously-issued debt securities of such series.

Support Agreement

AWCC's indebtedness (including debt securities) has the benefit of the support agreement. The support agreement, which, under the circumstances described below, is the functional equivalent of a guarantee, provides, among other things, that:

American Water owns, and during the term of the support agreement shall continue to own, all of the voting stock of AWCC free and clear of any lien, security interest or other charge or encumbrance;

American Water will provide to AWCC, at its request or the request of any lender (including any holder of debt securities), funds in the form of cash or liquid assets (as equity or, if American Water and AWCC agree, as a loan subordinated to any and all indebtedness, whether or not that indebtedness is outstanding at the time of the loan) as required if AWCC is unable to make timely payment of interest, principal or premium, if any, on any indebtedness issued by it;

American Water will cause AWCC to have at all times a positive tangible net worth (total assets less liabilities less intangible assets), as determined in accordance with generally accepted accounting principles; and

if AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of interest, principal or premium, if any, owed to a lender (including any holder of debt securities) when due, that lender may proceed directly against American Water to enforce such rights or to obtain payment of the defaulted interest, principal or premium, if any, owed to that lender.

No amendment to the support agreement that adversely affects the rights of any lender (including any holder of debt securities) and no termination of the support agreement will be effective until such time as all indebtedness of AWCC shall have been irrevocably paid in full and all commitments for indebtedness have been terminated, unless the lenders (including holders of debt securities or the trustee acting on behalf of debt security holders) holding all of the aggregate principal amount of debt outstanding and (to the extent not outstanding) committed to consent in writing thereto. Notwithstanding the foregoing sentence, any amendment to the support agreement for the purposes of (i) i