

Lynch Walter  
 Form 4  
 February 24, 2009

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|                                                           |         |          |                                                                                         |                                                                                                                                                                                                                          |
|-----------------------------------------------------------|---------|----------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Name and Address of Reporting Person *<br>Lynch Walter |         |          | 2. Issuer Name and Ticker or Trading Symbol<br>American Water Works Company, Inc. [AWK] | 5. Relationship of Reporting Person(s) to Issuer<br><br>(Check all applicable)                                                                                                                                           |
| (Last)                                                    | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year)<br>02/20/2009                          | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)<br>President, Regulated Operations |
| 1025 LAUREL OAK ROAD<br><br>(Street)                      |         |          | 4. If Amendment, Date Original Filed (Month/Day/Year)                                   | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person           |
| (City)                                                    | (State) | (Zip)    | VOORHEES, NJ 08043                                                                      |                                                                                                                                                                                                                          |

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
|                                 |                                      |                                                    | Code                           | V Amount (D) Price                                                |                                                                                               |                                                          |                                                       |
| Common Stock                    | 02/20/2009                           | 02/20/2009                                         | A                              | 2,353<br>(1)                                                      | A \$ 0 4,543.109                                                                              | D                                                        |                                                       |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|----------------------------|
| Performance Stock Unit                     | (2)                                                    | 02/20/2009                           | 02/20/2009                                         | A                              | 11,719                                                                                  | (2) 12/31/2011                                           | Common Stock                                                | 11,719                     |
| Employee Stock Option (right to buy)       | \$ 21.5                                                | 02/20/2009                           | 02/20/2009                                         | A                              | 18,552 (3)                                                                              | 01/01/2010 12/31/2013                                    | Common Stock                                                | 18,552                     |
| Employee Stock Option (right to buy)       | \$ 20.7                                                | 02/20/2009                           | 02/20/2009                                         | A                              | 65,414                                                                                  | (4) 12/31/2015                                           | Common Stock                                                | 65,414                     |

## Reporting Owners

| Reporting Owner Name / Address                             | Relationships |           |                                 |       |
|------------------------------------------------------------|---------------|-----------|---------------------------------|-------|
|                                                            | Director      | 10% Owner | Officer                         | Other |
| Lynch Walter<br>1025 LAUREL OAK ROAD<br>VOORHEES, NJ 08043 |               |           | President, Regulated Operations |       |

## Signatures

/s/ Karen K. Pettiford-Wilson by Power of Attorney previously filed 02/24/2009

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Represents the earned portion of performance-based restricted stock units awarded in connection with the Issuer's initial public offering. The number of restricted stock units earned was determined based upon a comparison of (a) the sum of the Issuer's actual audited net income for 2007 (as adjusted) and American Water's actual audited net income for 2008 (as adjusted) to (b) the sum of American Water's
- (1) actual audited net income for 2007 (as adjusted) and American Water's target net income for 2008 (as adjusted) at the time of the initial public offering. The number of restricted stock units earned equaled 51.91% of the units initially granted (which would have been fully earned if maximum performance metrics were achieved) and was based on the amount referenced in (a) above equaling 97.56% of the amount referenced in (b) above. The earned restricted stock units will vest on January 1, 2010.
  - (2) Each performance stock unit represents a contingent right to receive one share of the Issuer's common stock. The actual number of performance stock units that may be earned will be based on the Issuer's annual total stockholder return ("TSR") relative to the performance of the Dow Jones Utility Index over the three-year performance period beginning on January 1, 2009 and ending December 31, 2011. Threshold (50% of the units earned if target levels of performance are achieved), target and maximum (150% of target) amounts of performance units will be earned if the if the Issuer's TSR relative to the Dow Jones Utility Index is 25%, 50% and 75%, respectively. The number of performance stock units shown in column 5 is equal to the maximum number of performance stock units that

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may be earned.

- Represents the earned portion of performance-based nonqualified stock options awarded in connection with the Issuer's initial public offering. The number of shares underlying the earned portion of the nonqualified stock options equaled 51.91% of the shares underlying the nonqualified stock options initially granted and was determined based upon the formula described in footnote 1 above.
- (4) The options vest in three equal installments on January 1, 2010, 2011 and 2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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