

American Water Capital Corp.
Form 424B5
November 14, 2016
Table of Contents

Filed Pursuant to Rule 424(b)(5)
File Number 333-203949-01
File Number 333-203949

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 November 14, 2016

Preliminary Prospectus Supplement to Prospectus dated May 7, 2015

American Water Capital Corp.

\$ % Senior Notes due 2026

\$ % Senior Notes due 2046

This is an offering by American Water Capital Corp., which is referred to as AWCC or the issuer, of its % Senior Notes due 2026, which are referred to as the 2026 Notes, and its % Senior Notes due 2046, which are referred to as the 2046 Notes, and together with the 2026 Notes, the notes. The issuer will pay interest semi-annually in arrears on the notes on June 1 and December 1 of each year, beginning on June 1, 2017. The 2026 Notes will mature on December 1, 2026. The 2046 Notes will mature on December 1, 2046. However, the issuer may at any time and from time to time redeem all or a portion of the 2026 Notes and the 2046 Notes, in each case at the 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 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 on the accuracy or adequacy 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 2026 Note	%	%	%
Total	\$	\$	\$
Per 2046 Note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest from November , 2016, 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 on or about November , 2016.

Joint Book-Running Managers

BofA Merrill Lynch

Mizuho Securities

RBC Capital Markets

TD Securities

Regions Securities LLC

Co-Managers

BB&T Capital Markets

C.L. King & Associates

Academy Securities

Loop Capital Markets

Prospectus Supplement dated November , 2016.

Blaylock Beal Van, LLC

Multi-Bank Securities

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-iii
<u>FORWARD-LOOKING STATEMENTS</u>	S-v
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-7
<u>USE OF PROCEEDS</u>	S-9
<u>RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	S-10
<u>DESCRIPTION OF THE NOTES</u>	S-11
<u>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	S-16
<u>UNDERWRITING</u>	S-21
<u>CONFLICTS OF INTEREST</u>	S-22
<u>LEGAL MATTERS</u>	S-23
<u>EXPERTS</u>	S-23

PROSPECTUS

<u>ABOUT THIS PROSPECTUS</u>	1
<u>AMERICAN WATER WORKS COMPANY, INC.</u>	1
<u>AMERICAN WATER CAPITAL CORP.</u>	2
<u>RISK FACTORS</u>	3
<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>SELLING SECURITY HOLDERS</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	6
<u>DESCRIPTION OF CAPITAL STOCK</u>	7
<u>DESCRIPTION OF AWCC DEBT SECURITIES AND AMERICAN WATER SUPPORT AGREEMENT</u>	11
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	25
<u>DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS</u>	28
<u>DESCRIPTION OF SUBSCRIPTION RIGHTS</u>	29
<u>DESCRIPTION OF WARRANTS</u>	31
<u>PLAN OF DISTRIBUTION</u>	33

<u>LEGAL MATTERS</u>	36
<u>EXPERTS</u>	36
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	36

S-i

Table of Contents

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.

AWCC and American Water are not 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 supplement, the accompanying 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.

Table of Contents

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 <http://www.sec.gov> and American Water's website at <http://www.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 April 1, 2016 that are incorporated by reference therein)	Year ended December 31, 2015
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2016, June 30, 2016 and September 30, 2016
Current Reports on Form 8-K	Filed on February 12, 2016, February 26, 2016, March 1, 2016, March 22, 2016, March 30, 2016, May 13, 2016, June 30, 2016, September 9, 2016, October 31, 2016 and November 14, 2016

American Water will provide to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus are 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.

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This prospectus supplement and the accompanying 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

S-iii

Table of Contents

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.

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.

Table of Contents

FORWARD-LOOKING STATEMENTS

American Water has made statements under “Risk Factors” and in other sections of this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference herein and therein 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, outlook, future, pending, goal, objective, potential, continue, seek to, may, can, should, will of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things, American Water’s future financial performance, including its adjusted 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 proceedings and potential fines and penalties, business process and technology improvement initiatives, trends in American Water’s industry, regulatory 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 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 herein 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 rates;

the timeliness of regulatory commissions’ actions concerning rates, permitting and other decisions;

changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts;

changes in laws, governmental regulations and policies, including environmental, health and safety, water quality and public utility regulations and policies;

weather conditions, patterns, events or natural disasters, including drought or abnormally high rainfall, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes and tornados;

the outcome of litigation and government action related to the Freedom Industries chemical spill in West Virginia, including matters pertaining to the recently announced binding global agreement in principle to settle claims related to this chemical spill;

American Water's ability to appropriately maintain current infrastructure, including its technology systems, and manage expansion of its business;

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, and attacks on, or infiltration of or other disruptions to, American Water's computer systems or other critical infrastructure;

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;

S-v

Table of Contents

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 and integrate water and wastewater systems into its regulated operations, and enter into contracts and other agreements with, or otherwise obtain, new customers in its market-based businesses;

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, the provision of water services to customers in the natural gas exploration and production market;

changes in general economic, 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's current or future debt that could increase its financing costs 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 American Water's cost and funding requirements;

changes in federal or state income tax laws, including tax reform, the availability of tax credits and tax abatement programs, and American Water's ability to utilize its U.S. and state 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;

difficulty in obtaining, or the inability to obtain, insurance at acceptable rates and on acceptable terms and conditions;

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

labor actions, including work stoppages and strikes;

ability to retain and attract qualified employees; and

civil disturbances or terrorist threats or acts, or public apprehension about future disturbances or terrorist threats or acts.

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 supplement and investors should refer to such 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 law, American Water does not have any obligation, and American Water specifically disclaims any undertaking or intention to publicly update or revise any forward-looking statement, 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.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

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

The Company

American Water Works Company, Inc., a Delaware corporation, is the most geographically diversified, as well as the largest publicly traded, United States 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's approximately 6,700 employees provide an estimated 15 million people with drinking water, wastewater and other water-related services in 47 states, the District of Columbia and Ontario, Canada.

In 2015, American Water generated \$3,159 million in total consolidated operating revenues and \$476 million in net income attributable to common stockholders. In 2014, American Water generated \$3,011 million in total consolidated operating revenues and \$430 million in income from continuing operations. For the nine months ended September 30, 2016, American Water generated \$2,500 million in total operating revenues and \$367 million in net income attributable to common stockholders.

American Water conducts its business primarily through its Regulated Businesses segment. American Water also operates several market-based businesses, which are collectively referred to in this prospectus supplement as its Market-Based Businesses, that provide a broad range of related and complementary water and wastewater services, which include 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.

For 2015, American Water's Regulated Businesses segment generated \$2,743 million in operating revenues, prior to inter-segment eliminations, which accounted for 86.8% of American Water's total consolidated operating revenues. For the same period, American Water's Market-Based Businesses generated \$434 million in operating revenues, which accounted for 13.7% of total consolidated operating revenues.

For the nine months ended September 30, 2016, American Water's Regulated Businesses segment generated \$2,176 million in operating revenues, prior to inter-segment eliminations, which accounted for 87.0% of total consolidated operating revenues. For the same period, American Water's Market-Based Businesses generated \$338 million in operating revenues which accounted for 13.5% of total consolidated operating revenues.

American Water Capital Corp.

American Water's financing activities, which are primarily focused on funding construction 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 of September 30, 2016, American Water had a total of \$6,857 million in total debt, including \$5,906

million in long-term debt, of which the current portion is \$53 million, and \$951 million in commercial paper borrowings at AWCC.

S-1

Table of Contents

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 internet address is www.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.

S-2

Table of Contents

The Offering

Issuer	American Water Capital Corp.
Securities Offered	<p>\$ aggregate principal amount of % Senior Notes due 2026.</p> <p>\$ aggregate principal amount of % Senior Notes due 2046.</p>
Maturity Date	<p>The 2026 Notes will mature on December 1, 2026.</p> <p>The 2046 Notes will mature on December 1, 2046.</p>
Interest Payment Dates	The issuer will pay interest on the notes semi-annually in arrears on each June 1 and December 1, beginning on June 1, 2017, 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 on 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 2026 Notes at its option at any time or from time to time. The redemption price for the 2026 Notes to be redeemed on any redemption date prior to September 1, 2026 will be equal to the greater of (1) 100% of the principal amount of the 2026 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 2026 Notes being redeemed on that redemption date that would be payable if such 2026 Notes matured on September 1, 2026 (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 2026 Notes to be redeemed on any redemption date on or after

September 1, 2026 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 2046 Notes at its option at any time or from time to time. The redemption price for the 2046 Notes to be redeemed on any redemption date prior to June 1, 2046 will be equal to the greater of (1) 100% of the principal amount of the 2046 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 2046 Notes being redeemed on that redemption date that would be payable if such 2046 Notes matured on June 1, 2046 (not including any portion of any payments of interest accrued

Table of Contents

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 2046 Notes to be redeemed on any redemption date on or after June 1, 2046 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 September 30, 2016:

the issuer had no secured indebtedness;

the issuer had \$5,418 million of senior indebtedness, including (i) \$4,273 million of senior notes, (ii) \$194 million of tax-exempt indebtedness, (iii) \$951 million of commercial paper and (iv) no subordinated indebtedness;

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

the subsidiaries of American Water (other than the issuer) had \$1,424 million of indebtedness and other liabilities.

Table of Contents

Certain Covenants	<p>The indenture governing the notes contains certain covenants that, among other things, limit American Water's ability and the ability of its subsidiaries to:</p> <p>create or assume liens; and</p> <p>enter into sale and leaseback transactions.</p> <p>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.</p>
Use of Proceeds	<p>The issuer estimates that the proceeds from this offering, net of discounts and expenses, will be approximately \$ million.</p> <p>The issuer intends to use the net proceeds from this offering to lend funds to American Water and its regulated operating subsidiaries, to make repayments of its existing commercial paper obligations, and for general corporate purposes. See Use of Proceeds.</p>
Risk Factors	<p>Investing in the notes involves risk. 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.</p>
Governing Law	<p>The indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.</p>
Conflicts of Interest	<p>Certain of the underwriters or their affiliates may hold a portion of the 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. 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</p>

written approval from the account holder.

Ratios of Earnings to Combined Fixed
Charges and Preferred Stock Dividends

For purposes of calculating the ratio of earnings to combined fixed charges and preferred stock dividends, 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

S-5

Table of Contents

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 combined fixed charges and preferred stock dividends for each of the periods indicated were as follows:

	For the Year Ended December 31,				For the Nine Months Ended September 30,	
	2011	2012	2013	2014	2015	2016
American Water Works Company, Inc.	2.50	2.93	2.88	3.27	3.42	3.39
American Water Capital Corp.	1.00	1.00	1.00	1.00	1.00	1.00

Table of Contents

RISK FACTORS

An investment in the notes involves risks. This prospectus supplement does not describe all of these risks. You should carefully consider the risks described below and the risks described in Item 1A, Risk Factors, in American Water's Annual Report on Form 10-K for the year ended December 31, 2015, 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 supplement and the accompanying 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 financing 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 September 30, 2016, total liabilities of American Water's subsidiaries other than the issuer were \$1,424 million, consisting of (i) \$775 million

S-7

Table of Contents

in private activity bonds and government funded debt, of which \$702 million is collateralized by utility plant, (ii) \$636 million in mortgage bonds, and (iii) \$13 million in mandatory redeemable preferred stock and capital lease obligations. 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.

Table of Contents

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 make repayments of its existing commercial paper obligations, and for general corporate purposes.

On November 10, 2016, the issuer had \$972 million in aggregate principal amount of commercial paper outstanding, with a weighted-average maturity of 26 days and a weighted-average annual interest rate of 0.78%.

S-9

Table of Contents**RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

For purposes of calculating the ratio of earnings to combined fixed charges and preferred stock dividends, 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 combined fixed charges and preferred stock dividends for each of the periods indicated were as follows:

	For the Year Ended December 31,					For the Nine Months Ended September 30, 2016
	2011	2012	2013	2014	2015	
American Water Works Company, Inc.						
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	2.50	2.93	2.88	3.27	3.42	3.39
American Water Capital Corp.						
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	1.00	1.00	1.00	1.00	1.00	1.00

S-10

Table of Contents

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 two 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 2026 Notes offered by this prospectus supplement is U.S. \$. The aggregate principal amount of the 2046 Notes offered by this prospectus supplement is U.S. \$.

The notes will have the benefit of a support agreement from American Water described below.

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

Table of Contents

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 Notes for Certificated Debt Securities in the accompanying prospectus. 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***2026 Notes***

The initial aggregate principal amount of the 2026 Notes is U.S. \$. The 2026 Notes mature on December 1, 2026.

The 2026 Notes will bear interest at % per annum from November , 2016. The issuer will pay interest on the 2026 Notes semi-annually in arrears on each June 1 and December 1, beginning on June 1, 2017, to the holders of the 2026 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.

2046 Notes

The initial aggregate principal amount of the 2046 Notes is U.S. \$. The 2046 Notes mature on December 1, 2046.

The 2046 Notes will bear interest at % per annum from November , 2016. The issuer will pay interest on the 2046 Notes semi-annually in arrears on each June 1 and December 1, beginning on June 1, 2017, to the holders of the 2046 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***2026 Notes***

The issuer may redeem all or a portion of the 2026 Notes at the issuer's option at any time or from time to time. The redemption price for the 2026 Notes to be redeemed on any redemption date prior to September 1, 2026 will be equal

to the greater of the following amounts:

100% of the principal amount of the 2026 Notes being redeemed on the redemption date; or

S-12

Table of Contents

the sum of the present values of the remaining scheduled payments of principal and interest on the 2026 Notes being redeemed on that redemption date that would be payable if such 2026 Notes matured on September 1, 2026 (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 2026 Notes to be redeemed on any redemption date on or after September 1, 2026 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 2026 Notes with respect to an interest payment date that falls on or before a redemption date shall be made to the holder of such 2026 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 2026 Notes or portion of the 2026 Notes redeemed. However, interest will continue to accrue if the issuer defaults in the payment of the amount due upon redemption.

The issuer will mail and otherwise deliver in accordance with the applicable procedures of DTC notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of the 2026 Notes to be redeemed, and, if less than all 2026 Notes are to be redeemed, the particular 2026 Notes to be redeemed will be selected by the indenture trustee on a pro rata basis, by lot or in such manner as it shall deem appropriate and fair in accordance with applicable procedures of DTC.

2046 Notes

The issuer may redeem all or a portion of the 2046 Notes at the issuer's option at any time or from time to time. The redemption price for the 2046 Notes to be redeemed on any redemption date prior to June 1, 2046 will be equal to the greater of the following amounts:

100% of the principal amount of the 2046 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 2046 Notes being redeemed on that redemption date that would be payable if such 2046 Notes matured on June 1, 2046 (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 2046 Notes to be redeemed on any redemption date on or after June 1, 2046 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 2046 Notes with respect to an interest payment date that falls on or before a redemption date shall be made to the holder of such 2046 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 2046 Notes or portion of the 2046 Notes redeemed. However, interest will continue to accrue if the issuer defaults in the payment of the amount due upon redemption.

The issuer will mail and otherwise deliver in accordance with the applicable procedures of DTC notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of

S-13

Table of Contents

the 2046 Notes to be redeemed, and, if less than all 2046 Notes are to be redeemed, the particular 2046 Notes to be redeemed will be selected by the indenture trustee on a pro rata basis, by lot or in such manner as it shall deem appropriate and fair in accordance with applicable procedures of DTC.

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 2026 Notes or 2046 Notes, as applicable, to be redeemed, calculated as if the maturity date of the 2026 Notes was September 1, 2026 and the maturity date of the 2046 Notes was June 1, 2046, 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) Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Securities USA Inc., 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 (each, a *Primary Treasury Dealer*); provided, however, that if any of the foregoing shall cease to be a *Primary Treasury Dealer*, the issuer will substitute therefor another *Primary Treasury Dealer*; and (B) any other *Primary Treasury Dealer(s)* selected by the issuer.

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 by such method as the indenture trustee deems fair and appropriate in accordance with DTC procedures. 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

S-14

Table of Contents

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. 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.

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.

Table of Contents

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 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, Holders 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 U.S. Internal Revenue Code of 1986, as amended (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 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 will have the option to redeem the notes. Under applicable Treasury Regulations, because the issuer would minimize the yield on the notes by

not exercising this option, the notes are treated for U.S. federal income tax purposes as if they will not be redeemed prior to their respective maturity dates. Therefore, 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.

S-16

Table of Contents***Payments of Interest***

The issuer expects that the notes will not be issued with original issue discount (other than *de minimis* original issue discount). Accordingly, interest paid on a note will generally 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 that the U.S. Holder has not already included in gross income) and such U.S. Holder's adjusted tax basis in the note. To the extent attributable to accrued but unpaid interest that the U.S. Holder has not already included in gross income, the amount recognized by the U.S. Holder will be treated as a payment of interest. See *Payments of 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.

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.

S-17

Table of Contents

Interest

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.

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 in this section Interest above, the Holder of a note must provide its name and address, and certify, under penalties of perjury, to us 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 two immediately succeeding calendar years (or, if earlier, until a change in circumstances makes any of the information in the form incorrect).

Repayment of Principal and Realized Gain

In general, 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, 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

S-18

Table of Contents

the gain is effectively connected with the conduct of a U.S. trade or business of or, if a tax treaty applies, 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 noncorporate 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 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;

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

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 Internal Revenue Service 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 Interest. The rules regarding withholding, backup withholding and 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 of the notes, paid (i) to a foreign financial institution unless such foreign financial

Table of Contents

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**

Subject to the terms and conditions set forth in an underwriting agreement dated the date hereof 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.

<u>Underwriter</u>	Principal Amount of 2026 Notes	Principal Amount of 2046 Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$	\$
Mizuho Securities USA Inc.		
RBC Capital Markets, LLC		
TD Securities (USA) LLC		
Regions Securities LLC		
BB&T Capital Markets, a division of BB&T Securities, LLC		
Academy Securities, Inc.		
Blaylock Beal Van, LLC		
C.L. King & Associates, Inc.		
Loop Capital Markets LLC		
Multi-Bank Securities, Inc.		
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 2026 Notes and of % of the principal amount of the 2046 Notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of % of the principal amount of the 2026 Notes and of % of the principal amount of the 2046 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 the underwriting discount, will be approximately \$980,000.

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.

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The 2026 Notes and the 2046 Notes are each a new issue of securities with no established trading market. The issuer does not intend to apply for listing of the 2026 Notes nor the 2046 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 2026 Notes and the 2046 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 2026 Notes or the 2046 Notes.

S-21

Table of Contents

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 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 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.

S-22

Table of Contents

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 November 11, 2016, Mr. Taylor owned 613 performance stock units, 221 restricted stock units and options to purchase 2,185 shares of stock of American Water, none of which are vested.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to American Water Works Company, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Table of Contents

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.

Investing in these securities involves certain risks. See Risk Factors on page 3 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 33. 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 7, 2015.

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THIS PROSPECTUS</u>	1
<u>AMERICAN WATER WORKS COMPANY, INC.</u>	1
<u>AMERICAN WATER CAPITAL CORP.</u>	2
<u>RISK FACTORS</u>	3
<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>SELLING SECURITY HOLDERS</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	6
<u>DESCRIPTION OF CAPITAL STOCK</u>	7
<u>DESCRIPTION OF AWCC DEBT SECURITIES AND AMERICAN WATER SUPPORT AGREEMENT</u>	11
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	25
<u>DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS</u>	28
<u>DESCRIPTION OF SUBSCRIPTION RIGHTS</u>	29
<u>DESCRIPTION OF WARRANTS</u>	31
<u>PLAN OF DISTRIBUTION</u>	33
<u>LEGAL MATTERS</u>	36
<u>EXPERTS</u>	36
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	36

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that American Water and AWCC filed with the Securities and Exchange Commission, which we refer to as 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.

AMERICAN WATER WORKS COMPANY, INC.

We are the most geographically diversified, as well as the largest publicly-traded, United States 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. Founded in 1886, we are the largest publicly

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traded U.S. water and wastewater utility company. We employ 6,400 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to an estimated 15 million people in 47 states and Ontario, Canada.

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

Table of Contents

AMERICAN WATER CAPITAL CORP.

AWCC is a wholly-owned finance subsidiary of American Water. AWCC's activities are limited to the issuance of debt securities and the borrowing of funds through credit agreements with institutional lenders and lending the net proceeds under loan agreements to our operating subsidiaries as well as to American Water.

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

Table of Contents

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.

Table of Contents

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (PSLRA) provides a safe harbor for 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 us may include forward-looking statements that reflect our current views with respect to future events. 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, forecast, outcome, potential, continue, may, can, should and could and similar expressions. Forward-looking statements may relate to, among other things, our future financial performance, including our operation and maintenance (O&M) efficiency ratio, cash flows, our growth and portfolio optimization strategies, our projected capital expenditures and related funding requirements, our ability to repay debt, our 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 our industry, regulatory 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 risks and uncertainties, and new risks and uncertainties of which we are not currently aware or which we do not currently perceive may arise in the future from time to time. Should any of these risks or uncertainties materialize, or should any of our expectations or assumptions prove incorrect, then our results may vary materially from those discussed in the forward-looking statements 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 the caption Risk Factors and the following factors

the decisions of governmental and regulatory bodies, including decisions to raise or lower rates;

the timeliness of regulatory commissions actions concerning rates, permitting and other decisions;

changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts;

changes in laws, governmental regulations and policies, including environmental, health and water quality and public utility regulations and policies;

weather conditions, patterns, events or natural disasters, including drought or abnormally high rainfall, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes and tornados;

the outcome of litigation and government action related to recent events in West Virginia;

our ability to appropriately maintain current infrastructure, including our technology systems, and manage expansion of our business;

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;

the intentional or unintentional actions of a third party, including contamination of our water supplies and attacks on our computer systems;

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 acquire and integrate water and wastewater systems that are complementary to our operations and the growth of our business, including, among other core growth opportunities, concession arrangements and agreements for the provision of water services in the unregulated shale arena; cost overruns relating to improvements or the expansion of our operations;

Table of Contents

changes in general economic, business and financial market conditions;

access to sufficient capital on satisfactory terms;

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 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;

our ability to utilize our U.S. and state net operating loss carryforwards;

migration of customers into or out of our service territories and the use by municipalities to condemn our systems through eminent domain;

difficulty in obtaining insurance at acceptable rates and on acceptable terms and conditions;

the incurrence of impairment charges;

labor actions, including work stoppages;

ability to retain and attract qualified employees; and

civil disturbance, or terrorist threats or acts or public apprehension about future disturbances or terrorist threats or acts.

Any forward-looking statements we make, speak only as of the date on which the statement is made. 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.

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 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.

Table of Contents**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 loaned to American Water and/or its subsidiaries, and American Water and/or its subsidiaries intend to use the proceeds of such loans, and the net proceeds from the sale of securities issued by American Water, for general corporate purposes, including working capital, infrastructure improvements and other capital expenditures, acquisitions, the repayment of indebtedness and the repurchase of common stock. 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 AND PREFERRED STOCK DIVIDENDS

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:

	Year ended December 31,					Quarter ended
	2010	2011	2012	2013	2014	March 31, 2015
American Water Works Company, Inc.						
Ratio of Earnings to Fixed Charges	2.27	2.50	2.93	2.88	3.27	2.69
American Water Capital Corp.						
Ratio of Earnings to Fixed Charges	1.00	1.00	1.00	1.00	1.00	1.00

Table of Contents

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 May 4, 2015 there were 179,945,107 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 votes cast by all shares of common stock. 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