

Lynch Walter
Form 4
February 27, 2012

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
Lynch Walter

2. Issuer Name and Ticker or Trading Symbol
American Water Works Company, Inc. [AWK]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1025 LAUREL OAK ROAD
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/23/2012

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
President, Regulated Operations

VOORHEES, NJ 08043

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 02/23/2012 | 02/23/2012 | M | | 11,578 | A | \$ 0 |
| Common Stock | 02/23/2012 | 02/23/2012 | F | | 3,917 | D | \$ 34.12 |
| | | | | | | | 20,050 |
| | | | | | | | 16,133 |

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

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SEC 1474
(9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code V (A) (D) | | Date Exercisable Expiration Date | Title |
| Performance Stock Unit | (2) | 02/23/2012 | 02/23/2012 | M | 11,578 | (1) 12/31/2011 | Common Stock |
| Performance Stock Unit | (3) | 02/23/2012 | 02/23/2012 | D | 141 | (3) 12/31/2011 | Common Stock |
| Performance Stock Unit | (4) | 02/23/2012 | 02/23/2012 | A | 5,080 | (4) 12/31/2014 | Common Stock |
| Employee Stock Option (right to buy) | \$ 34.12 | 02/23/2012 | 02/23/2012 | A | 46,514 | (5) 12/31/2018 | Common Stock |

Reporting Owners

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

Signatures

/s/ Karen K. Pettiford-Wilson by Power of Attorney previously filed 02/27/2012

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents the earned portion of the TSR performance stock units granted in 2009, which was based on the 30-day average stock price-at the beginning of the performance period and at the end of the three year performance period (15 business days before 12/31 and 15 days after 12/31). The number of performance stock units earned was 98.8 percent of the target.
- (2) Each performance stock unit represented a contingent right to receive one share of American Water Works Company, Inc.'s (the "Company") common stock, based on the Company's annual total stockholder return (TSR) relative to the performance of the other companies in the Dow Jones U.S. Utility Index over a three-year performance period.
- (3) Represents the unearned portion of the TSR performance stock units granted in 2009, which was based on the 30-day average stock price-at the beginning of the performance period and at the end of the three year performance period (15 business days before 12/31 and 15 days after 12/31).

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Each performance stock unit represents a contingent right to receive one share of American Water's (the "Company") common stock. The actual number of performance stock units that may be earned will be based on the Company's annual total stockholder return ("TSR")

(4) relative to the performance of the other companies in the Dow Jones U.S. Utility Index over the three-year performance period beginning on January 1, 2012 and ending December 31, 2014. The number of performance stock units shown in column 5 is equal to the target number of performance stock units that may be earned.

(5) The options vest in three equal installments on January 1, 2013, 2014 and 2015.

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

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