

AQUA AMERICA INC
Form S-3ASR
July 28, 2017
Table of Contents

As filed with the Securities and Exchange Commission on July 28, 2017

Registration No. 333-

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

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AQUA AMERICA, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

762 W. Lancaster Avenue

23-1702594
(I.R.S. Employer
Identification No.)

Bryn Mawr, PA 19010-3489

(610) 527-8000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Christopher P. Luning

Aqua America, Inc.

Senior Vice President, General Counsel and Corporate Secretary

762 W. Lancaster Avenue

Bryn Mawr, PA 19010-3489

(610) 527-8000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy of all communications to:

Mary J. Mullany, Esquire

Ballard Spahr LLP

1735 Market Street, 51st Floor

Philadelphia, PA 19103

(215) 864-8500

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement filed pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class Of	Amount	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Securities to be Registered	Registered(1)	Per Security		
Common stock, par value \$0.50 per share	6,000,000 shares	\$33.24	\$199,440,000	\$23,115.10

- (1) Pursuant to Rule 416 under the Securities Act of 1933, the number of shares being registered shall be adjusted to include any additional shares that may become issuable as a result of stock splits, stock dividends, or similar transactions.
- (2) Pursuant to Rule 457(c) under the Securities Act of 1933, the offering price is computed on the basis of the average of the high and low prices of the common stock of Aqua America, Inc., as reported on the New York Stock Exchange on July 25, 2017.
- (3) Pursuant to Rule 415(a)(6) of the Securities Act of 1933, this registration statement carries over 3,125,000 unsold shares of common stock previously registered on a Registration Statement on Form S-3 (File No. 333-197805) filed with the Securities and Exchange Commission on August 1, 2014 (the 2014 Registration Statement). The filing fee of \$13,463.77 being paid herewith relates to the 2,875,000 newly registered shares of common stock. As a result, the offering of unsold securities registered under the 2014 Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.

Table of Contents

PROSPECTUS

Aqua America, Inc.

Dividend Reinvestment and Direct Stock Purchase Plan

6,000,000

Shares of Common Stock

The Plan gives you a convenient, systematic way to purchase or invest in our common stock.

You can increase your ownership by reinvesting dividends at a discount of between 0% and 5.0%, as designated from time to time in our sole discretion, and by making optional cash investments with brokerage fees and commissions paid by us.

You do not need to be one of our existing shareholders to participate in the Plan.

You can own and transfer shares without holding certificates.

You can purchase shares through an IRA with a portion of the annual maintenance fee paid by us.

IMPORTANT NOTE: Sales of shares through the Plan are subject to fees and commission charges for which you will be responsible. Please see the Costs section of this prospectus for further details regarding these fees and commission charges.

Our common stock is listed on the New York Stock Exchange under the symbol WTR. Our principal executive office is located at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania 19010-3489 and our telephone number is 610-527-8000.

Investing in our common stock involves risk. See Risk Factors on page 2 for certain risks to consider before participating in the Plan or purchasing shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 28, 2017.

Table of Contents

TABLE OF CONTENTS

	Page
<u>PLAN OVERVIEW</u>	1
<u>RISK FACTORS</u>	2
<u>FORWARD-LOOKING STATEMENTS</u>	2
<u>A SUMMARY OF IMPORTANT PLAN FEATURES</u>	5
<u>ADMINISTRATION</u>	6
<u>INTERNET ACCESS</u>	7
<u>PARTICIPATION AND ENROLLMENT</u>	7
<u>DIVIDEND REINVESTMENT</u>	8
<u>ELECTRONIC DEPOSIT OF CASH DIVIDENDS</u>	8
<u>OPTIONAL CASH INVESTMENTS</u>	8
<u>PURCHASE AND SOURCE OF SHARES</u>	9
<u>PRICE OF SHARES</u>	9
<u>SALE OF SHARES</u>	10
<u>INDIVIDUAL RETIREMENT ACCOUNTS (IRA)</u>	12
<u>SAFEKEEPING OF CERTIFICATES AND BOOK ENTRY</u>	12
<u>TRACKING YOUR INVESTMENT</u>	12
<u>OBTAINING A STOCK CERTIFICATE</u>	13
<u>DIVIDEND PAYMENT AND RECORD DATES</u>	13
<u>TERMINATION OF PARTICIPATION</u>	13
<u>MINIMUM ACCOUNT</u>	14
<u>COSTS</u>	14
<u>TAXES</u>	14
<u>VOTING</u>	15
<u>HANDLING OF STOCK SPLITS AND OTHER DISTRIBUTIONS</u>	15
<u>CHANGES TO THE PLAN</u>	15
<u>INTERPRETATION OF THE PLAN</u>	15
<u>RESPONSIBILITIES OF AQUA AMERICA AND THE ADMINISTRATOR</u>	16
<u>USE OF PROCEEDS</u>	16
<u>EXPERTS</u>	16
<u>ANTIDILUTION PROVISION</u>	16
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	16

As used in this prospectus, the words **we**, **us**, **our**, and **Aqua America** refer to Aqua America, Inc. and its subsidiaries unless otherwise indicated or the context otherwise requires.

Table of Contents

PLAN OVERVIEW

The Aqua America, Inc. Dividend Reinvestment and Direct Stock Purchase Plan (the Plan) provides you with a convenient and economical way to purchase shares of our common stock and to reinvest your cash dividends in additional shares. The Plan has various features and you can select those features that meet your investment needs.

The Plan is designed for long-term investors who wish to invest and build their share ownership over time. Unlike an individual stock brokerage account, the timing of purchases and sales is subject to the provisions of the Plan.

Please read this prospectus and the documents incorporated by reference herein carefully. If you are a shareholder of record of at least 5 shares of Aqua America common stock and wish to participate in the Plan, please sign and execute a Dividend Reinvestment and Direct Stock Purchase Plan Enrollment Form (the Enrollment Form). If your shares of Aqua America common stock are registered in a nominee name (such as in the name of a bank, broker or other nominee), please see the Participation and Enrollment section below for instructions on how to have such shares participate in the Plan. Investors wishing to make an initial investment of not less than \$500 should complete the Dividend Reinvestment and Direct Stock Purchase Plan Initial Enrollment Form (the Initial Enrollment Form). When completed, the form should be mailed to Computershare Trust Company, N.A. (the Administrator). Employees of Aqua America who wish to pay for their investment by having a portion of their compensation withheld and applied to the investment should complete the Employee Enrollment Form provided by the Company.

You can also enroll in the Plan and access your Plan account through the Internet at the Administrator's web site, www.computershare.com/investor, at any time. In addition, you can authorize one-time initial and subsequent optional cash investments or establish recurring automatic withdrawals from your U.S. bank account.

Table of Contents

RISK FACTORS

Investing in our common stock involves risks. Please see the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the Securities and Exchange Commission (the SEC), which are all incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus, or incorporated by reference into this prospectus, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are made based upon, among other things, our current assumptions, expectations, plans, and beliefs concerning future events and their potential effect on us. These forward-looking statements involve risks, uncertainties and other factors, many of which are outside our control that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. In some cases you can identify forward-looking statements where statements are preceded by, followed by or include the words believes, expects, anticipates, plans, future, potential, probable, predictions, intends, will, continue in the event or the negative of such terms or similar expressions. Forward-looking statements in this prospectus, or incorporated by reference into this prospectus, include, but are not limited to, statements regarding:

recovery of capital expenditures and expenses in rates;

projected capital expenditures and related funding requirements;

our capability to pursue timely rate increase requests;

the availability and cost of capital financing;

developments, trends and consolidation in the water and wastewater utility and infrastructure industries;

dividend payment projections;

opportunities for future acquisitions, the success of pending acquisitions and the impact of future acquisitions;

the capacity of our water supplies, water facilities and wastewater facilities;

the impact of geographic diversity on our exposure to unusual weather;

the impact of conservation awareness of customers and more efficient plumbing fixtures and appliances on water usage per customer;

our authority to carry on our business without unduly burdensome restrictions;

the continuation of investments in strategic ventures;

our ability to obtain fair market value for condemned assets;

the impact of fines and penalties;

the impact of changes in and compliance with governmental laws, regulations and policies, including those dealing with taxation, the environment, health and water quality, and public utility regulation;

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

the development of new services and technologies by us or our competitors;

Table of Contents

the availability of qualified personnel;

the condition of our assets;

the impact of legal proceedings;

general economic conditions;

acquisition-related costs and synergies;

the sale of water and wastewater divisions;

the impact of federal and/or state tax policies and the regulatory treatment of the effects of those policies;
and

the amount of income tax deductions for qualifying utility asset improvements and the Internal Revenue Service's ultimate acceptance of the deduction methodology.

Because forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including but not limited to:

changes in general economic, business, credit and financial market conditions;

changes in governmental laws, regulations and policies, including those dealing with taxation, the environment, health and water quality, and public utility regulation;

changes to the rules or our assumptions underlying our determination of what qualifies for an income tax deduction for qualifying utility asset improvements;

the decisions of governmental and regulatory bodies, including decisions on rate increase requests;

our ability to file rate cases on a timely basis to minimize regulatory lag;

abnormal weather conditions, including those that result in water use restrictions;

changes in, or unanticipated, capital requirements;

changes in our credit rating or the market price of our common stock;

changes in valuation of strategic ventures;

our ability to integrate businesses, technologies or services which we may acquire;

our ability to manage the expansion of our business;

our ability to treat and supply water or collect and treat wastewater;

the extent to which we are able to develop and market new and improved services;

the effect of the loss of major customers;

our ability to retain the services of key personnel and to hire qualified personnel as we expand;

labor disputes;

increasing difficulties in obtaining insurance and increased cost of insurance;

cost overruns relating to improvements to, or the expansion of, our operations;

increases in the costs of goods and services;

civil disturbance or terroristic threats or acts;

the continuous and reliable operation of our information technology systems, including the impact of cyber security attacks or other cyber-related events;

Table of Contents

changes in accounting pronouncements;

litigation and claims; and

changes in environmental conditions, including the effects of climate change.

Given these risks and uncertainties, you should not place undue reliance on any forward-looking statements. You should read this prospectus and the documents that we incorporate by reference into this prospectus completely and with the understanding that our actual future results, performance and achievements may be materially different from what we expect. These forward-looking statements represent assumptions, expectations, plans, and beliefs only as of the date of this prospectus. Except for our ongoing obligations to disclose certain information under the federal securities laws, we are not obligated, and assume no obligation, to update these forward-looking statements, even though our situation may change in the future. As you read this prospectus and the documents that we incorporate by reference into this prospectus, you should pay particular attention to the Risk Factors included in our most recent Annual Report on Form 10-K and in any filing we make with the SEC after the date of such Annual Report on Form 10-K that is incorporated by reference into this prospectus. We qualify all of our forward-looking statements by these cautionary statements.

Table of Contents

A SUMMARY OF IMPORTANT PLAN FEATURES

Participation. You may participate in the Plan if you own at least 5 shares of Aqua America common stock that are registered in your name. You may also participate by making an initial minimum investment of at least \$500 through automatic withdrawal from your U.S. bank account, by check or by a one-time online bank debit through the Administrator's web site, www.computershare.com/investor. Employees of Aqua America who wish to pay for their investment by having a portion of their compensation withheld and applied to the investment should complete the Employee Enrollment Form provided by the Company. All U.S. citizens are eligible to join the Plan, whether or not they are currently shareholders. Foreign citizens are eligible to participate as long as their participation would not violate any laws in their home countries or other non-U.S. laws. If your shares of Aqua America common stock are registered in a nominee name (such as in the name of a bank, broker or other nominee), please see the Participation and Enrollment section below for instructions on how to have such shares participate in the Plan.

Automatic Dividend Reinvestment. You can reinvest all or a portion of the cash dividends received on your first 100,000 shares toward the purchase of additional shares of our common stock, without paying trading fees or commissions. For purposes of the Plan, the term full dividend reinvestment means the reinvestment of dividends on all shares held by you in your name under the Plan up to a maximum of 100,000 shares.

Electronic Deposit of Cash Dividends. You can authorize the Administrator to deposit your cash dividends directly into your U.S. bank account.

Optional Cash Investments. As a shareholder, you can buy additional shares of our common stock at any time for as little as \$50. The maximum optional cash investment you may make in any calendar year is \$250,000. You can pay by check or by a one-time online bank debit through the Administrator's web site, www.computershare.com/investor, or have your payment automatically withdrawn from your U.S. bank account. Employees of Aqua America who wish to make optional cash investments should complete the Employee Enrollment Form provided by the Company.

IRAs. You may establish a traditional IRA, a Roth IRA or a Coverdell Education Savings Account, which invests in common stock through the Plan. IRA contributions and rollovers do not count against a participant's \$250,000 annual investment limitation. There is an annual maintenance fee of forty-five dollars (\$45.00) charged by the IRA and Coverdell Education Saving Account Trustee, which we will pay for the first calendar year in which you participate. In all subsequent years, twenty-five dollars (\$25.00) of this annual fee will be charged to you, with the balance paid by us.

Full Investment. Full investment of your funds is possible because any initial investment and optional cash investments will be used to buy whole and fractional shares. In addition, the full dividend earned on your shares (up to the first 100,000 shares you own), including fractional shares, will be reinvested or paid out as you designate.

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Safekeeping of Certificates. Shares purchased through the Plan for which you request certificates to be issued will be held by the Administrator for safekeeping. You may also deposit any Aqua America, or previously named Philadelphia Suburban Corporation, stock certificates that you hold for safekeeping, at no charge.

Transaction Reporting. You will receive a statement following each transaction showing the details of, and your share balance in, your Plan account.

Internet Account Access. You can also enroll in the Plan and access your Plan account through the Internet at the Administrator's web site, www.computershare.com/investor, at any time. In addition, you can authorize one-time initial and subsequent optional cash investments or establish recurring automatic withdrawals from your U.S. bank account.

Table of Contents

ADMINISTRATION

Computershare Trust Company, N.A., administers the Plan and acts as Agent for the participants. Computershare, Inc. acts as service agent to Computershare Trust Company, N.A. in performing certain services for the Plan. These companies purchase and retain shares of our common stock for Plan participants, keep records, send statements and perform other duties required by the Plan.

For information about the Plan, you can contact the Administrator by calling toll-free:

Computershare Trust Company, N.A.	800-205-8314
Outside the United States call collect:	781-575-3100
web site address:	www.computershare.com/investor

All written correspondence and optional cash investments submitted without a proper investment coupon, should be submitted to:

By mail:	Computershare Trust Company, N.A. Attn.: Aqua America, Inc. Dividend Reinvestment and Direct Stock Purchase Plan P.O. Box 505000 Louisville, KY 40233-5000
By courier:	Computershare Trust Company, N.A. Attn.: Aqua America, Inc. Dividend Reinvestment and Direct Stock Purchase Plan 462 South 4 th Street, Suite 1600 Louisville, KY 40202

You can contact the Aqua America, Inc. IRA Program Administrator by calling toll free 1-800-597-7736. All written correspondence concerning the IRA Program, should be submitted to:

By mail:	The IRA Program C/O Computershare Trust Company, N.A.
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P.O. Box 2175

Milwaukee, WI 53201-2175

By courier:

The IRA Program

C/O Computershare Trust Company, N.A. Attn.:

Aqua America, Inc. IRA

235 W. Galena Street

Milwaukee, WI 53212-3948

Make checks payable to Computershare-Aqua America in U.S. dollars and drawn on a U.S. bank. The Administrator will not accept cash, traveler's checks, money orders or third party checks for optional cash investments. Please use the cash investment form at the bottom of your statement.

Table of Contents

INTERNET ACCESS

You can also obtain information about your account via the Internet at the Administrator's web site, www.computershare.com/investor. At the web site, through Investor Center, you can access your share balance, enroll in the Plan, purchase shares (either as a one-time online bank debit or by recurring automatic monthly withdrawals from your U.S. bank account), sell shares, request a stock certificate, change dividend payment options and obtain online forms. To obtain access, click Create Log In, fill in the required information, accept the Terms & Conditions and select a User ID and password.

PARTICIPATION AND ENROLLMENT

If you already own at least 5 shares of our common stock, you are eligible to participate in the Plan.

If your shares are registered in your name, you can enroll in the Plan through the Internet at the Administrator's web site, www.computershare.com/investor, or you can fill out the Enrollment Form and return it to the Administrator.

If your shares are registered in a nominee name but you wish to participate in the Plan you should instruct your bank, broker or other nominee to have some or all of your shares registered in your name. Simply instruct your bank, broker or other nominee to transfer at least 5 of your shares of our common stock electronically through the Direct Registration System from your brokerage account to a new book-entry account at the Administrator. Please contact your bank, broker or other nominee for more information. Once at least 5 of your shares of our common stock are moved from your brokerage account to a new book-entry account registered in your name with the Administrator, you may then participate in the Plan by enrolling in the Plan as set forth above. Alternatively, you may instruct your bank, broker or other nominee to arrange to have a paper stock certificate issued to you for at least 5 of your shares of our common stock. Once at least 5 shares are registered in your name, you may participate in the Plan by enrolling in the Plan as set forth above. If the shares that you hold are in certificated form, you can deposit these certificated shares in your Plan account for safekeeping. In each instance, any fees or charges assessed by your bank or broker are your responsibility and will not be paid by us.

If your shares are held through our retirement plans or any of our other employee benefit plans (each, an employee benefit plan) that participate in the Plan, your participation in the Plan will be through the administrator or trustee of the applicable employee benefit plan and you will be limited to the automatic dividend reinvestment feature of the Plan only. Please contact the administrator or trustee of the employee benefit plan to determine if the plan participates in the Plan. Your participation in the Plan will be subject to the terms and conditions of the applicable employee benefit plan and the administrator or trustee of such plan.

If you do not own any shares of our common stock, or if you wish to establish a separate account, you can go to the Administrator's website, www.computershare.com/investor, and follow the instructions provided. You may enroll in the Plan by authorizing a one-time online bank debit from your U.S. bank account for an initial investment of at least \$500 or by establishing recurring automatic withdrawals from your U.S. bank account for a minimum of \$50 per transaction for at least ten consecutive months. Automatic withdrawal is further described in the "Optional Cash Investments" section of this prospectus. You can also fill out the Initial Enrollment Form and return it to the

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Administrator. Enclose a check, in U.S. dollars, for at least \$500 or, if you are an employee of Aqua America and wish to pay for your purchases through the withholding of compensation, fill out the Employee Enrollment Form provided to you by the Company. You can receive an Initial Enrollment Form by contacting the Administrator through the channels outlined in the Administration section of this prospectus. If you wish to make your initial investment through automatic withdrawals, you must agree to continue with the withdrawals until the \$500 minimum initial investment is reached. Please note, such automatic withdrawals continue indefinitely beyond the initial investment until you notify the Administrator through the Internet, by telephone or in writing to stop such automatic withdrawals.

Table of Contents

If you open an account for another person by transferring stock from your account, you must transfer a minimum of 5 shares into that account.

DIVIDEND REINVESTMENT

You may choose to reinvest all or a portion of the dividends paid on your first 100,000 shares of our common stock held in your Plan account or participating in the Plan through our employee benefit plans. Your dividends will be used to buy additional shares of our common stock at a discount between 0% and 5.0%, as designated from time to time by us prior to the purchase of the shares with the reinvested dividends, from the prevailing market price. You have the following options for your dividends:

Full Dividend Reinvestment. Your cash dividends received on shares you own up to 100,000 shares will be used to buy additional shares for you.

Partial Dividends Paid in Cash. If you do not want full dividend reinvestment, select a lower number of full shares on which you want your dividends to be paid in cash. The balance of your dividends will be reinvested.

All Dividends Paid in Cash (no dividend reinvestment). Your dividends on all of your shares will be paid in cash.

If you do not indicate which reinvestment option you want on the enrollment form, you will be automatically enrolled in full dividend reinvestment.

You may change your reinvestment option at any time by completing and returning a new Enrollment Form (which can be obtained by contacting the Administrator), by accessing your Plan account through the Internet at the Administrator's web site, www.computershare.com/investor, by calling the Administrator at 1-800-205-8314 or by providing written instructions to the Administrator. Dividends will be reinvested or paid on cash in accordance with your most recent instructions received by the Administrator prior to the dividend record date applicable to such dividend.

The 100,000 share reinvestment limitation does not apply to our employee benefit plans.

ELECTRONIC DEPOSIT OF CASH DIVIDENDS

If you are receiving all or a portion of your dividends in cash, you may have them electronically deposited into your U.S. bank account by completing an Authorization for Electronic Direct Deposit Form or by mailing a voided check or deposit slip to the Administrator. Contact the Administrator to receive an Authorization for Electronic Direct Deposit Form. You may also authorize electronic deposit through the Internet at the Administrator's web site, www.computershare.com/investor. This feature may be changed or discontinued at any time by notifying the Administrator. If you change your U.S. bank account and fail to notify the Administrator of the change, a check for your dividends will be issued and mailed only after the funds have been returned from the receiving bank.

OPTIONAL CASH INVESTMENTS

Participants in the Plan may buy additional shares of our common stock at any time by investing at least \$50. Your total optional cash investment may not exceed \$250,000 in a calendar year. Interest will not be paid on amounts held pending investment. Optional cash investments may be made by:

One-time online bank debit. At any time, you may make optional cash investments by going to the Administrator's web site, www.computershare.com/investor, and authorizing a one-time online bank debit from your U.S. bank account. Please refer to the online confirmation for your bank account debit date and investment date.

Table of Contents

Check. Mail your check with the cash investment form from the bottom of your account statement to the address on the cash investment form. Do not send cash, traveler's checks, money orders or third party checks. All checks should be in U.S. funds and drawn from a U.S. bank. All payments should be made payable to Computershare-Aqua America .

Recurring automatic withdrawals from a U.S. bank account. You can establish recurring automatic withdrawals through the Internet at the Administrator's web site, www.computershare.com/investor, or by filling out a Direct Debit Authorization Form for automatic withdrawals. You can receive a Direct Debit Authorization Form by contacting the Administrator through the channels outlined in the Administration section of this prospectus. All automatic withdrawal enrollment information must be received at least 30 days prior to the first debit date. Funds will be deducted from your bank account on the first business day of each month. These funds may be commingled with other optional cash investments. All funds automatically withdrawn from your bank account will be invested on the next optional cash investment date. Automatic withdrawals will continue at the level you set until you instruct the Administrator otherwise. You can change or stop automatic withdrawals by accessing your Plan account through the Internet at the Administrator's web site, www.computershare.com/investor, by calling the Administrator at 1-800-205-8314, by completing and returning a new Direct Debit Authorization Form or by giving written instructions to the Administrator. You must contact the Administrator at least 7 business days prior to the debit date to change or terminate automatic withdrawal.

In the event that a one-time bank debit, check or an automatic withdrawal is not honored for any reason, the Administrator will consider the request for investment of that money null and void and shall immediately remove from the participant's account the shares, if any, purchased upon the prior credit of such money. A fee of \$25 will also be assessed against the participant's account. The Administrator will then be entitled to sell those shares to satisfy any uncollected balance. If the net proceeds of the sale of those shares are insufficient to satisfy the balance of such uncollected amounts, the Administrator will be entitled to sell additional shares from the participant's account to satisfy the uncollected balance. Employees of Aqua America who wish to pay for their investment by having a portion of their compensation withheld and applied to the investment should complete the Employee Enrollment Form provided by the Company.

PURCHASE AND SOURCE OF SHARES

Shares of our common stock needed to meet the requirements of the Plan will either be purchased in the open market or issued directly by us. We will pay transaction fees and per share fees (which will include any brokerage commissions the Administrator is required to pay) incurred for the purchase of shares. The Administrator will invest your funds for the optional cash investments as promptly as practicable, at least once each week. However, funds automatically withdrawn from your U.S. bank account will be invested as specified above in **Optional Cash Investments** By automatic recurring withdrawals from a U.S. bank account. Funds may not be returned once they have been submitted to the Administrator. In the unlikely event that, due to unusual market conditions, the Administrator is unable to purchase shares of our common stock within 30 days (in the case of reinvested dividends) or within 35 days after receipt (in the case of cash investments), the funds will be returned to you by check. No interest will be paid on funds held by the Administrator pending investment. All dividends will be invested independently from optional cash investments. Please note that you will not be able to direct the Administrator to purchase shares at a specific time or at a specific price or through a specific broker or dealer.

PRICE OF SHARES

Open market purchases for initial, optional and IRA investments will be at a price equal to 100% of the weighted average per share price of shares purchased by the Administrator to satisfy Plan requirements. If the

Table of Contents

Administrator purchases shares to meet the dividend reinvestment requirement in the open market, your price per share will be 95% to 100% of the weighted average price of shares purchased, as designated from time to time by us prior to the purchase of the shares with the reinvested dividends. We will pay all transaction fees and per share fees in connection with open market purchases.

For original issue or treasury shares purchased from Aqua America for initial, optional and IRA investments (including investments made by employees through compensation withholding), the price per share will be 100% of the average of the daily high and low trading prices quoted on The New York Stock Exchange on the day of purchase (the investment date).

For original issue or treasury shares purchased from Aqua America to meet the dividend reinvestment requirement under the Plan, the price per share will be 95% to 100% of the average of the daily high and low trading prices quoted on The New York Stock Exchange for the five trading days preceding the dividend payment date, as designated from time to time by us prior to the dividend payment date.

The discount between 0% and 5.0% on the shares purchased or issued to meet the dividend reinvestment requirement will be designated by us in our sole discretion prior to the purchase or issuance of such shares. We reserve the right to change, reduce or discontinue any discount at any time without notice. We will provide the Administrator with notice of the applicable discount and any change in such discount. Please contact the Administrator with any questions about the discount then in effect. We may also provide notice on our website, but have no obligation to do so. As of the date of this prospectus, the discount is 5.0%.

SALE OF SHARES

You can sell some or all of the shares held in your Plan account by contacting the Administrator. You have choices when making a sale, depending on how you submit your sale request, as follows:

Market Order: A market order is a request to sell shares promptly at the current market price. Market order sales are only available at www.computershare.com/investor through Investor Centre or by calling the Administrator directly at 1-800-205-8314. Market order sale requests received at www.computershare.com/investor through Investor Centre or by telephone will be placed promptly upon receipt during market hours (normally 9:30 a.m. to 4:00 p.m. Eastern time). Any orders received after 4:00 p.m. Eastern time will be placed promptly on the next day the market is open. The price shall be the market price of the sale obtained by the Administrator's broker, less applicable fees. The Administrator will use commercially reasonable efforts to honor requests by participants to cancel market orders placed outside of market hours. Depending on the number of shares being sold and current trading volume in the shares, a market order may only be partially filled or not filled at all on the trading day in which it is placed, in which case the order, or remainder of the order, as applicable, will be cancelled at the end of such day. To determine if your shares were sold, you should check your account online at www.computershare.com/investor or call the Administrator directly at 1-800-205-8314. If your market order sale was not filled and you still want the shares to be sold, you will need to re-enter the sale request. For a market order sale, you will be charged a transaction fee of \$25, plus \$0.12 per share.

Batch Order: A batch order is an accumulation of all sales requests for a security submitted together as a collective request. Batch orders are submitted on each market day, assuming there are sale requests to be

processed. Sale instructions for batch orders received by the Administrator will be processed no later than five business days after the date on which the order is received (except where deferral is required under applicable federal or state laws or regulations), assuming the applicable market is open for trading and sufficient market liquidity exists. Batch order sales may only be submitted in writing. All sales requests received in writing will be submitted as batch order sales, including sale requests for IRA Plan accounts and Coverdell Education Savings Accounts, will be submitted as batch order sale.

Table of Contents

The Administrator will cause your shares to be sold on the open market within five business days of receipt of your request. To maximize cost savings for batch order sale requests, the Administrator will seek to sell shares in round lot transactions. For this purpose the Administrator may combine each selling Plan participant's shares with those of other selling Plan participants. In every case of a batch order sale, the price to each selling Plan participant shall be the weighted average sale price obtained by the Administrator's broker for each aggregate order placed by the Administrator and executed by the broker, less applicable fees. For a batch order sale, you will be charged a transaction fee of \$15, plus \$0.12 per share.

Day Limit Order: A day limit order is an order to sell shares of our common stock when and if they reach a specific trading price on a specific day. The order is automatically cancelled if the price is not met by the end of that day (or, for orders placed aftermarket hours, the next day the market is open). Depending on the number of shares of our common stock being sold and the current trading volume in the shares, such an order may only be partially filled, in which case the remainder of the order will be cancelled. The order may be cancelled by the applicable stock exchange, by the Administrator at its sole discretion or, if the Administrator's broker has not filled the order, at your request made online at www.computershare.com/investor or by calling the Administrator directly at 1-800-205-8314. For a day limit order sale, you will be charged a transaction fee of \$25, plus \$0.12 per share.

Good-Till-Cancelled (GTC) Limit Order: A GTC limit order is an order to sell shares of our common stock when and if the shares reach a specific trading price at any time while the order remains open (generally up to 30 days). Depending on the number of shares being sold and current trading volume in the shares, sales may be executed in multiple transactions and over more than one day. If shares are traded on more than one day, a separate fee will be charged for each such day. The order (or any unexecuted portion thereof) is automatically cancelled if the trading price is not met by the end of the order period. The order may be cancelled by the applicable stock exchange, by the Administrator at its sole discretion or, if the Administrator's broker has not filled the order, at your request made online at www.computershare.com/investor or by calling the Administrator directly at 1-800-205-8314. For a GTC limit order sale, you will be charged a transaction fee of \$25, plus \$0.12 per share

General: All sales requests processed over the telephone by a customer service representative entail an additional fee of \$15.00. All per share fees include any brokerage commissions the Administrator is required to pay. Any fractional share will be rounded up to a whole share for purposes of calculating the per share fee. Fees are deducted from the proceeds derived from the sale. The Administrator may, under certain circumstances, require a transaction request to be submitted in writing. Please contact the Administrator to determine if there are any limitations applicable to your particular sale request. Proceeds are normally paid by check, which are distributed within 24 hours of after your sale transaction has settled.

The Administrator reserves the right to decline to process a sale if it determines, in its sole discretion, that supporting legal documentation is required. In addition, no one will have any authority or power to direct the time or price at which shares for the Plan are sold, and no one, other than the Administrator, will select the broker(s) or dealer(s) through or from whom sales are to be made.

If you elect to sell shares online at www.computershare.com/investor, you may utilize the Administrator's international currency exchange service to convert the sale proceeds to your local currency prior to being sent to you. Receiving sales proceeds in a local currency and having your check drawn on a local bank avoids the timely and costly collection process required for cashing U.S. dollar checks. This service is subject to additional terms and conditions and fees, which you must agree to online. We are not responsible for any costs or fees associated with your use of this service.

If your holdings in any account fall below 5 shares, the Administrator may close that account out of the Plan as described in the Minimum Account section of this prospectus.

Table of Contents

INDIVIDUAL RETIREMENT ACCOUNTS (IRA)

You may establish a Traditional IRA, Roth IRA or Coverdell Education Savings Account of our common stock by returning completed Enrollment Forms together with your contribution to the IRA and Coverdell Education Savings Account Trustee. If you are already a shareholder of at least 5 shares, you may open an IRA or Coverdell Education Savings Account with as little as \$50. If you are not a shareholder, the minimum contribution to open an account is \$500.

You may also open an IRA or Coverdell Education Savings Account to receive a cash rollover or a transfer of Aqua America shares from another IRA or qualified retirement plan. The IRA and Coverdell Savings Account Trustee will invest the cash rollovers into shares of our common stock.

There is an annual maintenance fee of \$45.00 charged by the IRA and Coverdell Education Savings Account Trustee, which we will pay for the first calendar year in which you participate. In all subsequent years, twenty- five dollars (\$25.00) of this annual fee will be charged to you, with the balance paid by us.

IRA and Coverdell Education Savings Account contributions and rollovers will not count against the \$250,000 maximum investment limit under the Plan.

If you are interested in opening a Traditional IRA, Roth IRA or Coverdell Education Savings Account, you may obtain the enrollment and a disclosure statement from Computershare Trust Company, N.A., which will administer the IRA and Coverdell Education Savings Account. For information, call the Computershare IRA Department at its toll-free number, 1-800-597-7736.

SAFEKEEPING OF CERTIFICATES AND BOOK ENTRY

For your convenience, shares purchased under the Plan will be maintained by the Administrator in your name in book-entry form. You may, however, request a stock certificate by accessing your Plan account through the Internet at the Administrator's web site, www.computershare.com/investor, by calling the Administrator at 1-800-205-8314 or by providing written instructions to the Administrator. There is a \$25 fee for certificate issuance.

If you are holding certificates for Aqua America, Inc., or previously named Philadelphia Suburban Corporation common stock, you may use the Plan's safekeeping service to deposit those stock certificates at no cost. Safekeeping protects your shares against loss, theft or accidental destruction and provides a convenient way for you to keep track of your shares. Only shares held in safekeeping or in book-entry form may be sold through the Plan.

To use the safekeeping service, send your certificates to the Administrator at the address listed on page 6 of this prospectus by registered or certified mail, with a return receipt requested or some other form of traceable mail, and properly insured. **YOU SHOULD NOT ENDORSE THE STOCK CERTIFICATE BEFORE YOU SEND IT IN.**

TRACKING YOUR INVESTMENT

The Administrator will send a statement confirming the details of each transaction you make. For market order transactions, the time of sale will be provided. If you continue to be enrolled in the Plan, but have no transactions, the Administrator will mail you an annual statement reflecting your holdings. For shares acquired in the Plan after January 1, 2011, specific cost basis information will be included in your statement in accordance with applicable law.

Table of Contents

You should notify the Administrator promptly of any change in address since all notices, statements and reports will be mailed to your address of record.

Please retain your statements to establish the cost basis of shares purchased under the Plan for income tax and other purposes. A \$20 flat fee per year requested will be charged for all prior year duplicate statement requests.

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