

AQUA AMERICA INC  
Form DEF 14A  
March 25, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

**Aqua America, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**AQUA AMERICA, INC.  
2015 ANNUAL MEETING OF SHAREHOLDERS**

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**LETTER FROM THE CHAIRMAN & CEO  
TO OUR SHAREHOLDERS**

Nicholas DeBenedictis

CEO & Chairman

Dear Fellow Shareholder,

We are pleased to invite you to our 2015 Annual Meeting of Shareholders that will be held on Friday, May 8, 2015 at the Drexelbrook Banquet Facility & Corporate Events Center, 4700 Drexelbrook Drive, Drexel Hill, PA 19026 at 8:30 a.m. Eastern Standard Time.

This year marks the 23rd annual meeting for me as the Chairman and Chief Executive Officer. During this time, I have had the pleasure of working alongside a host of professionals who have helped propel this company to become what I believe is the best water company in the industry.

Some of Aqua's accomplishments over the more recent span of the Company's 125 year history:

Achieved record earnings for the last 15 consecutive years

Increased the quarterly dividend 24 times in the last 23 years

Expanded operations from one state to eight

Completed over 300 acquisitions and growth ventures

Increased market cap from \$150 million to over \$4.5 billion

Between July 1992 and January 2015, delivered a total shareholder return of nearly 1,700 percent; an investment of \$1,000 in July 1992 is now worth nearly \$16,000 assuming dividends were reinvested.

As I recount the milestones we've reached in building shareholder value, I am equally proud of the accomplishments we have been able to make for our customers. Our focus remains on improving the infrastructure that serves our customers to ensure they have the quality drinking water and reliable water and wastewater service they expect. Since 1992, Aqua has invested over \$4 billion to replace aging water mains, rehabilitate water and wastewater treatment facilities and make myriad other improvements to critical infrastructure.

I am honored to have served as CEO of Aqua America for over two decades and thank my Board of Directors for allowing me the opportunity to serve you, the shareholders, and the nearly 3 million people who count on us every day for water and wastewater service.

Sincerely,

Nick

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**AQUA AMERICA, INC.**

762 W. Lancaster Avenue

Bryn Mawr, Pennsylvania 19010

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**Friday, May 8, 2015 8:30 a.m., local time**

The Annual Meeting of Shareholders of AQUA AMERICA, INC. (the Company ) will be held at the **Drexelbrook Banquet Facility & Corporate Events Center, 4700 Drexelbrook Drive, Drexel Hill, PA 19026** on **Friday, May 8, 2015, at 8:30 A.M.**, local time, for the following purposes:

1. To consider and take action on the election of seven nominees for directors;
2. To consider and take action on the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the 2015 fiscal year;
3. To consider and take action on an advisory vote on the Company's executive compensation program as disclosed in this Proxy Statement;
4. To consider and take action on a shareholder proposal requesting that the Board of Directors create a comprehensive policy articulating the Company's respect for and commitment to the human right to water, if properly presented at the meeting;
5. To consider and take action on a shareholder proposal requesting that the Board of Directors create a policy in which the Board of Directors seek shareholder approval of any future extraordinary retirement benefits for senior executives, if properly presented at the meeting; and
6. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

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Only shareholders of record at the close of business on March 9, 2015 will be entitled to notice of, and to vote at, the meeting and at any adjournments or postponements thereof.

By Order of the Board of Directors,

CHRISTOPHER P. LUNING

Secretary

March 25, 2015

*We urge each shareholder to promptly sign and return the enclosed proxy card or to use telephone or internet voting. See our questions and answers about the meeting and the voting section for information about voting by telephone or internet, how to revoke a proxy and how to vote your shares in person.*



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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 8, 2015**

*The Notice of Annual Meeting, Proxy Statement and 2014 Annual Report to Shareholders*

*are available at: <http://ir.aquaamerica.com/>*

**AQUA AMERICA, INC.**

**762 W. Lancaster Avenue**

**Bryn Mawr, Pennsylvania 19010**

**PROXY STATEMENT**

This proxy statement (the **Proxy Statement**) is furnished in connection with the solicitation of proxies by the Board of Directors (the **Board of Directors** or the **Board**) of Aqua America, Inc. ( **Aqua America** or the **Company** ) to be used at the Annual Meeting of Shareholders to be held on Wednesday, May 8, 2015 and at any adjournments or postponements thereof ( **2015 Annual Meeting** or the **meeting** ).

The cost of soliciting proxies will be paid by the Company, which has arranged for reimbursement, at the rate suggested by the New York Stock Exchange (the **NYSE** ), of brokerage houses, nominees, custodians and fiduciaries for the forwarding of proxy materials to the beneficial owners of shares held of record. In addition, the Company has retained Alliance Advisors LLC to assist in the solicitation of proxies from (i) brokers, bank nominees and other institutional holders, and (ii) individual holders of record. The fee paid to Alliance Advisors LLC for normal proxy solicitation does not exceed \$6,500 plus expenses, which will be paid by the Company. Directors, officers and regular employees of the Company may solicit proxies, although no compensation will be paid by the Company for such efforts.

Under rules adopted by the U.S. Securities and Exchange Commission ( **SEC** ), the Company is now furnishing proxy materials to many of its shareholders on the Internet, rather than mailing printed copies of those materials to each shareholder. If you received a notice of availability over the Internet of the proxy materials ( **Notice** ) by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice will instruct you as to how you may access and review the proxy materials on the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice. The Notice was first sent to shareholders of record as of March 9, 2015, and proxy materials, which include the Notice of Annual Meeting of Shareholders, this Proxy Statement and Annual Report to Shareholders for the year ended December 31, 2014, including financial statements and other information with respect to the Company and its subsidiaries (the **Annual Report** ), are first being made available to shareholders of record as of March 9, 2015, on or about March 25, 2015. Additional copies of the Annual Report may be obtained by writing to the Company at the address and in the

manner set forth under Additional Information on page 69.

**PURPOSE OF THE MEETING**

As the meeting is the Annual Meeting of Shareholders, the shareholders of the Company will be requested to:

Consider and take action on the election of seven nominees for directors;

Consider and take action on the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the 2015 fiscal year;

Consider and take action on a non-binding advisory vote on the Company's executive compensation program as disclosed in this Proxy Statement;

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Consider and take action on a shareholder proposal requesting that the Board of Directors create a comprehensive policy articulating the Company's respect for and commitment to the human right to water, if properly presented at the meeting (the Shareholder Proposal No. 1 );

Consider and take action on a shareholder proposal requesting that the Board of Directors create a policy in which the Board of Directors seek shareholder approval of any future extraordinary retirement benefits for senior executives, if properly presented at the meeting (the Shareholder Proposal No. 2 ); and

Transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

### **QUESTIONS AND ANSWERS ABOUT THE 2015 ANNUAL MEETING**

#### **Who is entitled to vote?**

Holders of shares of the Company's Common Stock (the Common Stock ) of record at the close of business on March 9, 2015 are entitled to vote at the meeting. Each shareholder entitled to vote shall have the right to one vote on each matter presented at the meeting for each share of Common Stock outstanding in such shareholder's name.

#### **How many shares can vote?**

As of March 9, 2015, there were 177,031,708 shares of Common Stock outstanding and entitled to be voted at the meeting.

#### **How do I cast my vote?**

Shares can be voted in the following four ways:

in person at the meeting;

by proxy at the meeting;

electronically via the Internet, according to the instructions set out on the proxy card; and

by telephone, according to the instructions set out on the proxy card.

#### **What is the proxy?**

The proxy card or electronic proxy that you are being asked to give is a means by which a shareholder may authorize the voting of his or her shares at the meeting if he or she is unable to attend in person. The individuals to whom you are giving a proxy to vote your shares are Christopher P. Luning, our senior vice president, general counsel and secretary, and David P. Smeltzer, our executive vice president and chief financial officer.

The shares of Common Stock represented by each properly executed proxy card or electronic proxy will be voted at the meeting in accordance with each shareholder's direction. Shareholders are urged to specify their choices by marking the appropriate boxes on the proxy card or electronic proxy, or via telephone. If the proxy card or electronic proxy is signed, but no choice has been specified, the shares will be voted as recommended by the Board of Directors. If any other matters are properly presented at the meeting or any adjournment or postponement thereof for action, the proxy holders will vote the proxies (which confer discretionary authority to vote on such matters) in accordance with their judgment.

**If a proxy is executed, can a shareholder still attend the meeting in person?**

Yes. Execution of the accompanying proxy or voting electronically or by telephone will not affect a shareholder's right to attend the meeting and vote in person.

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### **Can a shareholder revoke or change his or her vote?**

Yes. Any shareholder giving a proxy card or voting electronically or by telephone has the right to revoke the proxy or the electronic or telephonic vote by giving written notice of revocation to the Secretary of the Company at any time before the proxy is voted, by executing a proxy bearing a later date, by making a later-dated vote electronically or by telephone, or by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a previously granted proxy.

### **What are the voting requirements for the Board of Directors to take action on the proposals discussed in the Proxy Statement?**

The Company's Articles of Incorporation and Bylaws, as amended, provide that the affirmative vote of a majority of the votes cast by those shareholders present in person or represented by proxy at the meeting is required to take action with respect to any matter properly brought before the meeting on the recommendation of a vote of a majority of the entire Board of Directors.

The Company's Bylaws also provide that the affirmative vote of at least three quarters of the votes which all voting shareholders, voting as a single class, are entitled to cast is required to take action with respect to any other matter properly brought before the meeting without the recommendation of a vote of a majority of the entire Board of Directors.

### **What is a quorum?**

A quorum of shareholders is necessary to hold a valid meeting of shareholders for the transaction of business. The holders of a majority of the shares entitled to vote, present in person or represented by proxy at the meeting, constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

### **What is a broker non-vote?**

A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power under NYSE rules for that particular item and has not received instructions from the beneficial owner.

If you are a beneficial owner, your bank, broker or other holder of record is permitted under NYSE rules to vote your shares on the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2015 fiscal year, even if the record holder does not receive voting instructions from you. The record holder may not vote on the election of directors, the advisory vote on the Company's executive compensation program or Shareholder Proposal No. 1 or Shareholder Proposal No. 2 without instructions from you. Without your voting instructions on these matters, a broker non-vote will occur.

*YOUR PROXY VOTE IS IMPORTANT. ACCORDINGLY, YOU ARE ASKED TO COMPLETE, SIGN AND RETURN THE PROXY CARD OR VOTE ELECTRONICALLY OR TELEPHONICALLY OR PROVIDE YOUR BROKER WITH INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, REGARDLESS OF WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.*

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**PROPOSALS UNDER CONSIDERATION AT THIS MEETING**

**How are directors elected?**

Under the Company's Articles of Incorporation and Bylaws, directors are elected by a majority of the votes cast at the meeting. A description of the Company's majority voting policy is set forth in the answer to the question below. Votes may be cast FOR or WITHHOLD for each nominee. WITHHOLD votes and broker non-votes will be excluded entirely from the vote to elect directors and will have no effect, other than for purposes of determining the presence of a quorum. Thus, the director nominees with the most FOR votes will be elected at the meeting. Because the shareholders at the 2012 Annual Meeting approved the amendment to the Company's Articles of Incorporation providing for a transition to the annual election of directors, all of the directors elected at the 2015 Annual Meeting will be elected for terms expiring at the 2016 Annual Meeting and until their successors are duly elected and qualified.

**What if an incumbent director receives more WITHHOLD votes than FOR votes in an uncontested election?**

In 2011, the Board of Directors adopted a majority voting policy for the election of directors in uncontested elections. Under this policy, any incumbent director who is nominated for re-election and who receives a greater number of WITHHOLD votes than FOR votes for the director's election shall promptly tender his or her resignation to the Board of Directors. The Board shall evaluate the relevant facts and circumstances in connection with such director's resignation, giving due consideration to the best interests of the Company and its shareholders. Within 90 days after the election, the independent directors shall make a decision on whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors will promptly disclose publicly its decision and the reasons for its decision.

The Board of Directors believes that this process enhances accountability to shareholders and responsiveness to shareholder votes, while allowing the Board of Directors appropriate discretion in considering whether a particular director's resignation would be in the best interests of the Company and its shareholders. The Board of Directors' policy on the majority election of directors is set forth in the Company's Corporate Governance Guidelines. Copies of the Corporate Governance Guidelines can be obtained free of charge from the Corporate Governance portion of the Investor Relations section of the Company's website, [www.aquaamerica.com](http://www.aquaamerica.com).

**Why are the shareholders asked to vote on the ratification of the selection of the independent registered public accounting firm?**

Under the Company's Articles of Incorporation and Bylaws, the affirmative vote of a majority of the votes cast by those shareholders present in person or by proxy at the meeting is required to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the 2015 fiscal year. Abstentions will not be considered votes cast on this proposal and, therefore, will have no effect, other than for purposes of determining the presence of a quorum.

**What is the impact of the advisory vote on the Company's executive compensation program?**

The Board of Directors and the Executive Compensation Committee, which is comprised of independent directors, value the opinions of the Company's shareholders and expect to take into account the outcome of the non-binding advisory vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant negative voting results.





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### **How are the shareholder proposals approved?**

Under the Company's Articles of Incorporation and Bylaws, the affirmative vote of at least three quarters of the votes which all voting shareholders, voting as a single class, are entitled to cast is required to approve a Shareholder Proposal because each such proposal is not being brought before the meeting on the recommendation of a majority of the Board of Directors.

### **What is the effect of approving a shareholder proposal?**

Since the shareholder proposals included in this Proxy Statement (the "Shareholder Proposals") are presented in the form of a request to the Board of Directors, approval of a Shareholder Proposal will not have the effect of requiring the Board of Directors to prepare a comprehensive report on the human right to water or to require that the Board of Directors seek shareholder approval of any future extraordinary retirement benefits for senior executives, but will represent simply an expression of the wishes of the shareholders on those subjects. The Board of Directors would still be required, by statute, to decide whether it would be in the best interests of the Company to adopt such policies and could decide in the exercise of its business judgment not to have the Company adopt such policies as requested in the Shareholder Proposals.

## **PROCESS FOR SUBMITTING SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL MEETING**

### **Who can submit a shareholder proposal at an Annual Meeting?**

Shareholders may submit proposals, which are proper subjects for inclusion in the Company's Proxy Statement and form of proxy ("Proxy Materials"), for consideration at an Annual Meeting of Shareholders, by following the procedures prescribed by Rule 14a-8(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

### **What is the deadline for submitting shareholder proposals for inclusion in the Company's Proxy Materials for the next Annual Meeting?**

To be eligible for inclusion in the Company's Proxy Materials relating to the 2016 Annual Meeting of Shareholders, proposals must be submitted in writing and received by the Company at the address below no later than November 26, 2015.

### **What is the deadline for proposing business to be considered at the next Annual Meeting, but not to have the proposed business included in the Company's Proxy Materials?**

A shareholder of the Company may wish to propose business to be considered at an Annual Meeting of Shareholders, but not to have the proposed business included in the Company's Proxy Materials relating to that meeting. Section 3.17 of the Company's Bylaws requires that the Company receive written notice of business that a shareholder wishes to present for consideration at the 2016 Annual Meeting of Shareholders (other than matters included in the Company's Proxy Materials) not earlier than January 8, 2016 nor later than February 8, 2016. The notice must meet certain other requirements set forth in the Company's Bylaws. Copies of the Company's Bylaws can be obtained by submitting a written request to the Secretary of the Company at the address below.

Proposals, notices and requests for a copy of our Bylaws should be addressed as follows:

CORPORATE SECRETARY

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AQUA AMERICA, INC.

762 W. LANCASTER AVENUE

BRYN MAWR, PA 19010

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**NOMINATING CANDIDATES FOR DIRECTOR**

**How does a shareholder nominate a director for election to the Board of Directors at the 2015 Annual Meeting?**

A shareholder entitled to vote for the election of directors may make a nomination for director provided that written notice (the Nomination Notice ) of the shareholder's intent to nominate a director at the meeting is filed with the Secretary of the Company prior to the 2015 Annual Meeting in accordance with provisions of the Company's Articles of Incorporation and Bylaws.

Section 4.14 of the Company's Bylaws requires the Nomination Notice to be received by the Secretary of the Company not less than 14 days nor more than 50 days prior to any meeting of the shareholders called for the election of directors, with certain exceptions. These notice requirements do not apply to nominations for which proxies are solicited under applicable regulations of the SEC. The Nomination Notice must contain or be accompanied by the following information:

1. The name and residence of the shareholder who intends to make the nomination;
2. A representation that the shareholder is a holder of record of voting stock and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the Nomination Notice;
3. Such information regarding each nominee as would have been required to be included in a proxy statement filed pursuant to the SEC's proxy rules had each nominee been nominated, or intended to be nominated, by the management or the Board of Directors of the Company;
4. A description of all arrangements or understandings among the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; and
5. The consent of each nominee to serve as a director of the Company if so elected.

**What is the deadline for submitting a Nomination Notice for the 2015 Annual Meeting?**

Pursuant to the above requirements, a Nomination Notice for the 2015 Annual Meeting must be received by the Secretary of the Company no later than April 24, 2015.

**CONSIDERATION OF DIRECTOR CANDIDATES**

**Who chooses director candidates?**

The Corporate Governance Committee identifies, evaluates and recommends director candidates to our Board of Directors for nomination. The process followed by our Corporate Governance Committee to identify and evaluate director candidates includes requests to current directors and others for recommendations, consideration of candidates proposed by shareholders, meetings from time to time to evaluate potential candidates and interviews of selected

candidates.

**How are director candidates evaluated?**

In considering candidates for director, the Corporate Governance Committee will consider the candidates' personal abilities, qualifications, independence, knowledge, judgment, character, leadership skills, education, background and their expertise and experience in fields and disciplines relevant to the Company, including financial expertise or financial literacy. When assessing a candidate, consideration will be given to the effect such candidate will have on the diversity of the Board. Diversity of the Board is evaluated by considering a broad range of attributes, such as background, demographic (including, without limitation, race, gender and national

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origin), expertise and experience. Due consideration will also be given to the position the candidate holds at the time of his or her nomination and his or her capabilities to advance the Company's interests with its various constituencies. The Corporate Governance Committee considers all of these qualities when selecting, subject to ratification by our Board of Directors, candidates for director.

The Corporate Governance Committee will evaluate shareholder-recommended candidates in the same manner as it evaluates candidates recommended by others.

**What is the deadline for submitting a shareholder recommendation for a director candidate at the 2016 Annual Meeting?**

If you would like a director candidate considered by the Corporate Governance Committee for selection as a nominee at the 2016 Annual Meeting, such recommendation should be submitted to the Chairman of the Corporate Governance Committee at least 120 days before the date on which the Company first mailed its proxy materials for the prior year's Annual Meeting of Shareholders that is, with respect to the 2016 Annual Meeting, no later than November 26, 2015.

**COMMUNICATIONS WITH THE COMPANY OR INDEPENDENT DIRECTORS**

The Company receives many shareholder suggestions which are not in the form of proposals. All are given careful consideration. We welcome and encourage your comments and suggestions. Your correspondence should be addressed as follows:

CORPORATE SECRETARY

AQUA AMERICA, INC.

762 W. LANCASTER AVENUE

BRYN MAWR, PA 19010

In addition, shareholders or other interested parties may communicate directly with the independent directors or the lead independent director by writing to the address set forth below. The Company will review all such correspondence and provide any comments along with the full text of the shareholder's or other interested party's communication to the independent directors or the lead independent director.

THE INDEPENDENT DIRECTORS OR LEAD INDEPENDENT DIRECTOR AQUA AMERICA, INC.

c/o CORPORATE SECRETARY

762 W. LANCASTER AVENUE

BRYN MAWR, PA 19010

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**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

The Board of Directors was previously divided into three classes with one class elected each year to hold office for a three-year term. At the 2012 Annual Meeting of Shareholders, the shareholders approved an Amendment to the Company's Articles of Incorporation (the Amendment) that provides for the transition to the annual election of the members of the Board of Directors. The directors elected at the 2014 Annual Meeting were elected for a one-year term expiring at the 2015 Annual Meeting, and until their successors are duly elected and qualified. Thus, all the directors who are nominated for re-election and elected, will be elected for a one-year term expiring at the 2016 Annual Meeting, and until their successors are duly elected and qualified.

Mr. Andrew J. Sordoni, III has decided to retire and not be a director candidate. Mr. Sordoni will retire as a director of the Company after nine years of service.

In accordance with the Company's Corporate Governance Guidelines, the Chairman of the Corporate Governance Committee reported to the Corporate Governance Committee that Nicholas DeBenedictis, Michael L. Browne, Richard H. Glanton, Lon R. Greenberg, William P. Hankowsky, Wendell F. Holland, and Ellen T. Ruff, would be willing to serve on the Board of Directors if re-elected. The Corporate Governance Committee reviewed the qualifications of the directors in relation to the criteria for candidates for nomination for election to the Board of Directors under the Company's Corporate Governance Guidelines. The Corporate Governance Committee voted to recommend to the Board of Directors, and the Board of Directors approved, the nomination of Mr. DeBenedictis, Mr. Browne, Mr. Glanton, Mr. Greenberg, Mr. Hankowsky, Mr. Holland, and Ms. Ruff, for election as directors at the 2015 Annual Meeting, with each nominee abstaining from the vote with respect to his or her nomination.

Therefore, seven directors will stand for election by a majority of the votes cast at the 2015 Annual Meeting. At the 2015 Annual Meeting, proxies in the accompanying form, properly executed, will be voted for the election of the nominees listed below, unless authority to do so has been withheld in the manner specified in the instructions on the proxy card or the record holder does not have discretionary voting power under the NYSE rules (see What is the proxy? on page 2 and Proposals Under Consideration at This Meeting on page 4). Discretionary authority is reserved to cast votes for the election of a substitute should any nominee be unable or unwilling to serve as a director. Each nominee has stated his or her willingness to serve and the Company believes that the nominees will be available to serve.

*THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE **FOR** THE ELECTION OF MR. DEBENEDICTIS, MR. BROWNE, MR. GLANTON, MR. GREENBERG, MR. HANKOWSKY, MR. HOLLAND, AND MS. RUFF AS DIRECTORS.*

**INFORMATION REGARDING NOMINEES AND DIRECTORS**

For each of the seven nominees for election as directors at the 2015 Annual Meeting set forth below is information as to the positions and offices with the Company held by each, the principal occupation of each during the past five

years, the directorships of public companies and other organizations held by each and the experience, qualifications, attributes or skills that, in the opinions of the Corporate Governance Committee and the Board of Directors make the individual qualified to serve as a director of the Company.

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**NOMINEES FOR ELECTION AT THE 2015 ANNUAL MEETING**

**Nicholas DeBenedictis** Mr. DeBenedictis has served as Chief Executive Officer of the Company since July 1992 and Chairman of the Board since May 1993. He also serves as Chairman and Chief Executive Officer of the Company's principal subsidiaries, including Aqua Pennsylvania, Inc. Between April 1989 and June 1992, he served as Senior Vice President for Corporate Affairs of PECO Energy Company (now known as Exelon Corporation). From December 1986 to April 1989, he served as President of the Greater Philadelphia Chamber of Commerce and from 1983 to 1986 he served as the Secretary of the Pennsylvania Department of Environmental Resources. Mr. DeBenedictis is a director of Exelon Corporation and P.H. Glatfelter Company. He also serves on the Boards of Pennsylvania area non-profit, civic and business organizations.

**Age: 69**

**Ardmore, PA**

**Director since 1992**

**Qualifications:** In addition to his knowledge and experience as the Company's Chief Executive Officer since 1992 and his prior experience as a senior executive of a major electric utility, Mr. DeBenedictis has experience as the head of Pennsylvania's environmental regulatory agency. He serves as a director of two other public companies, including, from time to time, as a member of the corporate governance, audit, finance and compensation committees of those companies. Mr. DeBenedictis has also held leadership positions with various, educational, business, civic and charitable institutions. The Board of Directors views Mr. DeBenedictis' experience with various aspects of the utility industry and his demonstrated leadership roles in business and community activities as important qualifications, skills and experience supporting the Board of Directors' conclusion that Mr. DeBenedictis should serve as a director of the Company.



**Table of Contents****Michael L. Browne****Age: 68****Collegeville, PA****Director since 2013**

**Biography:** Mr. Browne retired from his position as President and Chief Operating Officer of Harleysville Insurance on May 1, 2014, a position he held since May 2012. Prior to that position, Mr. Browne served, from 2004 to 2012, as President and Chief Executive Officer of the Harleysville Insurance Companies, a property and casualty insurance group with operations in 35 states. The group included both a NASDAQ listed public company and private stock and mutual insurance companies. In 2012, Mr. Browne led the Harleysville Insurance Companies in a merger with Nationwide Insurance, a Fortune 100 Company. Prior to joining Harleysville Insurance as Chief Executive Officer, Mr. Browne served for 18 years as an independent director on Harleysville Insurance's Board of Directors, including serving on the Executive Committee, Audit Committee, and Compensation Committee, and also serving as the non-executive Chairman of the Board in 2003-2004. Mr. Browne currently serves as a member of the Board of Directors of Accident Fund Holdings, Inc., a group of property/casualty insurance companies based in Michigan. Mr. Browne was a partner at Reed Smith LLP for over 20 years, and prior to that Mr. Browne served as Insurance Commissioner of the Commonwealth of Pennsylvania. Mr. Browne served as Special Assistant to the United States Secretary of Transportation, William T. Coleman, Jr., in the Ford Administration and also as the United States Deputy Under Secretary of Transportation under President Gerald Ford. Mr. Browne served to the rank of Captain in the United States Marine Corps and was an infantry platoon commander in Vietnam in 1969. He was decorated with the Bronze Star Medal with Combat "V" as well as other decorations for his military service.

**Qualifications:** Mr. Browne has over 30 years of experience in various roles within the insurance industry as a legal advisor, as a public servant, and as a senior executive in an insurance company. He also has over 20 years of experience as a partner in a major law firm. Mr. Browne served as an independent director and Audit Committee member of a publicly traded company for 18 years before becoming chief executive officer of the Harleysville Insurance Companies, a NASDAQ listed public company. Mr. Browne has also held leadership roles in various cultural, civic and governmental organizations and received his law degree from the University of Pennsylvania and his undergraduate degree from Princeton University. The Board of Directors has determined that Mr. Browne is an independent director. The Board of Directors views Mr. Browne's independence, his experience as the chief executive officer and an independent director of a publicly traded company, his extensive experience in the insurance and legal fields, and his leadership roles within various cultural, civic and governmental organizations as important qualifications, skills and experience that support the Board of Directors' conclusion that Mr. Browne should serve as a director of the Company.

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**Richard H. Glanton**

**Age: 68**

**Philadelphia, PA**

**Director since 1995**

**Biography:** Mr. Glanton is Founder, Chairman and Chief Executive Officer of ElectedFace Inc., an on-line social media website which consolidates 21 of the most proven and popular social media features and functions into one platform to connect individuals and organizations of all types, including government officials and agencies, educational institutions and their leaders, businesses, faith groups, cultural icons and establishments, and community organizations and associations. Mr. Glanton was Senior Vice President of Corporate Development at Exelon Corporation from 2003 to 2008. From 1983 to 2003, he was a partner at the law firms of Wolf Block LLP (1983 to 1986) and Reed Smith LLP (1986 to 2003). Mr. Glanton is a director of The GEO Group, Inc. and Mistras Group, Inc.

**Qualifications:** Mr. Glanton has more than 25 years of legal experience in law firms and 13 years of executive experience as President of The Barnes Foundation for more than eight years from 1990 to 1998 and at Exelon Corporation. Mr. Glanton has approximately 29 years of continuous experience serving on boards of publicly traded companies. He has served as a director on boards of five publicly traded companies, four of which are traded on the NYSE and one, CGU, is traded on the United Kingdom Stock Exchange. He served as a Director of CGU of North America, a British-based Insurance Company, from 1983 to 2003 when it was sold to White Mountain Group of Exeter, New Hampshire and Berkshire Hathaway. He was a member of both its Executive and Audit Committees during his 20-year tenure on that board. From 1990 until 2003, he served as Director of PECO Energy/Exelon Corporation Boards until he resigned to assume a senior management position within the company at the request of its Chairman. He served on the Executive, Audit and Governance Committees of PECO/Exelon. He has been a director of the GEO Group since 1998, where he serves on its three member Executive Committee, and as Chairman of the Audit and Finance Committee and a member of its Governance and Compensation Committees. He has served as Chairman of Aqua America's Corporate Governance Committee since 2005. The Board has determined that Mr. Glanton is an independent director. The Board of Directors views Mr. Glanton's independence, his experience in utility acquisitions, his experience as a director of other publicly traded companies and his demonstrated leadership roles in other business activities as important qualifications, skills and experience that support the Board of Directors' conclusion that Mr. Glanton should serve as a director of the Company.

**Table of Contents****Lon R. Greenberg****Age: 64****Wyndmoor, PA****Director since 2005**

**Biography:** Mr. Greenberg is non-executive Chairman of the Board of Directors of UGI Corporation, where he served as Chairman since August 1996 and Chief Executive Officer since August 1995, until his retirement in April, 2013. He was formerly President (July 1994 to August 2005), Vice Chairman of the Board (1995 to 1996) and Senior Vice President – Legal and Corporate Development (1989 to 1994) of UGI Corporation. Mr. Greenberg is a member of the Board of Trustees of Temple University and the Chairman of the Board of Trustees of the Temple University Health System. Mr. Greenberg also serves as a director of Ameriprise Financial, Inc. and AmerisourceBergen Corporation, and a director of UGI Corporation’s subsidiaries UGI Utilities, Inc. and AmeriGas Propane, Inc.

**Qualifications:** Mr. Greenberg has over 20 years of experience in various executive, legal and corporate development roles with a major gas utility company and international distributor of propane. He is also Chairman of the nation’s largest retail propane marketer and he serves as a director for a NYSE listed financial planning, products and services company, as well as a NYSE listed global pharmaceutical sourcing and distribution services company. He is a member of the Board of Trustees of a major university in Philadelphia and the university’s health system. Mr. Greenberg has served as a member of the Company’s Executive Compensation Committee since 2005 and a member of the Company’s Audit Committee since 2009, serving as Chairman since 2012. Mr. Greenberg has also held leadership positions with various civic and charitable institutions. The Board of Directors has determined that Mr. Greenberg is an independent director, financially literate and an audit committee financial expert within the meaning of applicable SEC rules. The Board of Directors views Mr. Greenberg’s independence, his experience with various aspects of the utility industry, his experience as an executive of a non-utility business and his demonstrated leadership roles in business and community activities as important qualifications, skills and experience that support the Board of Directors conclusion that Mr. Greenberg should serve as a director of the Company.

**William P.  
Hankowsky****Age: 64****Philadelphia, PA****Director since 2004**

**Biography:** Mr. Hankowsky has been Chairman, President and Chief Executive Officer of Liberty Property Trust, a fully integrated real estate firm, since 2003. Mr. Hankowsky joined Liberty in 2001 as Executive Vice President and Chief Investment Officer. Prior to joining Liberty, he served for 11 years as President of the Philadelphia Industrial Development Corporation. Prior to that, he was Commerce Director for the City of Philadelphia. Mr. Hankowsky serves on the Board of Directors of Citizens Financial Group and on various charitable and civic boards, including the Philadelphia Convention and Visitors Bureau and the Kimmel Regional Performing Arts Center.

**Qualifications:** Mr. Hankowsky has over 35 years of experience managing public, private and non-profit organizations, including eleven years as Chairman and Chief Executive Officer of Liberty Property Trust, a publicly traded Real Estate Investment Trust which owns 100 million square feet of office and industrial space in over 24 markets throughout the United States and the United Kingdom. He has experience in financing, acquisitions and real estate matters across the United States. Mr. Hankowsky has also held leadership

positions with various cultural and civic institutions in the greater Philadelphia region. Mr. Hankowsky has served as Chairman of the Company's Executive Compensation Committee since 2005. The Board of Directors has determined that Mr. Hankowsky is an independent director, financially literate and an audit committee financial expert within the meaning of applicable SEC rules. The Board of Directors views Mr. Hankowsky's independence, his experience with real estate, financing and acquisitions and his demonstrated leadership roles in business and community activities as important qualifications, skills and experience supporting the Board of Directors' conclusion that Mr. Hankowsky should serve as a director of the Company.

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**Wendell F. Holland**  
**Age: 63**  
**Bryn Mawr, PA**  
**Director since 2011**

**Biography:** Mr. Holland has been a partner in CFSD Group, LLC, advisors for local and regional utility financing, since July 2009. Mr. Holland was partner in the law firm of Saul Ewing, LLP from October 2008 to September 2013. Mr. Holland served as Chairman of the Pennsylvania Public Utility Commission from 2004 to 2008 and as a Commissioner from 1990 to 1993, and 2003 to 2004. Mr. Holland was Of Counsel to the law firm of Obermayer Rebman from 1999 to 2003, Vice President of American Water Works Company from 1996 to 1999 and a partner at the law firm of LeBoeuf Lamb Greene and McRae from 1993 to 1995. He has served as Treasurer of the National Association of Utility Regulatory Commissioners (NARUC) and also served on NARUC's Executive Committee, Board of Directors, and as Chairman of its Audit and Investment Committees. He is a member of the Board of Bryn Mawr Trust Bank and was a member of the Allegheny Energy Board of Directors from 1994 to 2003.

**Qualifications:** Mr. Holland has extensive knowledge and experience in the regulation of public utilities, especially water utilities. His experience as chairman of the Public Utility Commission in Pennsylvania for four years and a Commissioner for an additional four years enables him to provide valuable insight into the regulatory process. His service as a member of the Board of Directors of a large, publicly traded energy company also enables him to play a meaningful role on the Company's Board of Directors. As outside counsel to, and an executive at other public utility companies, he has a valuable perspective on the various issues facing public utility companies. The Board of Directors has determined that Mr. Holland is an independent director. The Board of Directors views Mr. Holland's independence, his experience with utility regulation and utility operations, his reputation in the utility industry and his leadership roles in business and community activities as important qualifications, skills and experience supporting the Board of Directors conclusion that Mr. Holland should serve as a director of the Company.

**Ellen T. Ruff**  
**Age: 66**  
**Charlotte, NC**  
**Director since 2006**

**Biography:** Ms. Ruff is a partner in the law firm of McGuire-Woods, LLP. She was President, Office of Nuclear Development, for Duke Energy Corporation, from December 2008 until her retirement in January 2011. Duke Energy Corporation is a leading energy company focused on electric power and gas distribution operations and other energy services in the Americas. From April 2006 through December 2008, Ms. Ruff was President of Duke Energy Carolinas, an electric utility that provides electricity and other services to customers in North Carolina and South Carolina. Ms. Ruff joined the Duke Energy organization in 1978 and during her career held a number of key positions, including: Vice President and General Counsel of Corporate, Gas and Electric Operations; Senior Vice President and General Counsel for Duke Energy; Senior Vice President of Asset Management for Duke Power; Senior Vice President of Power Policy and Planning; and Group Vice President of Planning and External Affairs. Ms. Ruff is a director of Mistras Group, Inc.

**Qualifications:** Ms. Ruff has over 30 years of experience with a major utility company in various management, operations, legal planning and public affairs positions. Ms. Ruff has

lived and worked in North Carolina, an important area of the Company's operations, for many years. Ms. Ruff has served as a member of the Company's Executive Compensation Committee since 2006. The Board of Directors has determined that Ms. Ruff is an independent director. The Board of Directors views Ms. Ruff's independence, her experience with various aspects of the utility industry, her knowledge of North Carolina and her demonstrated leadership roles in business and community activities as important qualifications, skills and experience supporting the Board of Directors' conclusion that Ms. Ruff should serve as a director of the Company.

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**CORPORATE GOVERNANCE**

The Board of Directors operates pursuant to a set of written Corporate Governance Guidelines. Copies of these Guidelines can be obtained free of charge from the Corporate Governance portion of the Investor Relations section of the Company's website, *www.aquaamerica.com*. Our website is not part of this Proxy Statement. References to our website address in this Proxy Statement are intended to be inactive textual references only.

**DIRECTOR INDEPENDENCE**

The Board of Directors is, among other things, responsible for determining whether each of the directors is independent in light of any relationship such director may have with the Company. The Board has adopted Corporate Governance Guidelines that contain categorical standards of director independence that are consistent with the listing standards of the NYSE. Under the Company's Corporate Governance Guidelines, a director will not be deemed independent if:

The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company;

(A) the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor, (B) the director is a current employee of such a firm, (C) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit, or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such firm and personally worked on the Company's audit within that time;

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee;

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) and, in the case of an immediate family member who is not an executive officer, other than compensation for service as an employee of the Company;

The director is an executive officer or employee, or someone in her/his immediate family is an executive officer, of another company that, during any of the other company's past three fiscal years made payments to, or received payments from, the Company for property or services in an amount which, in any single fiscal year of the other company, exceeded the greater of \$1 million or 2% of the other company's consolidated gross revenues; or

The director serves as an executive officer of a charitable organization and, during any of the charitable organization's past three fiscal years, the Company made charitable contributions to the charitable organization in any single fiscal year of the charitable organization that exceeded the greater of \$1 million or two percent of the charitable organization's consolidated gross revenues.

For purposes of the categorical standards set forth above, (a) a person's immediate family includes a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone (other than domestic employees) who shares such person's home, and (b) the term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Exchange Act.

In addition to these categorical standards, no director will be considered independent unless the Board of Directors affirmatively determines that the director has no material relationship with the Company (either directly, or as a partner, stockholder, director or officer, of an organization that has a relationship with the



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Company). When making independence determinations, the Board of Directors broadly considers all relevant facts and circumstances surrounding any relationship between a director or nominee and the Company. Transactions, relationships and arrangements between directors or members of their immediate family and the Company that are not addressed by the categorical standards may be material depending on the relevant facts and circumstances of such transactions, relationships and arrangements. The Board of Directors considered the following transactions, relationships and arrangements in connection with making the independence determinations:

1. The Company made contributions to charitable or civic organizations for which the following directors serve as directors, trustees or executive officers: Mr. Glanton, Mr. Greenberg, Mr. Hankowsky. None of the Company's contributions exceeded the greater of \$1 million or 2% of the recipient organization's consolidated gross revenues.
2. The Company purchases energy at normal tariff rates from UGI Corporation or their affiliates for which Mr. Greenberg serves as Chairman. The amounts paid by the Company to these other entities are not material to these other entities.
3. The Company provides water service at normal tariff rates to Liberty Property Trust and UGI Corporation or their affiliates for which Mr. Hankowsky serves as an executive officer, and Mr. Greenberg, serves as Chairman, respectively, and to a company for which Mr. Holland is a member of the Board of Directors. The amounts paid to the Company by these other entities are pursuant to tariff rates and are not material to these other entities.
4. Mr. DeBenedictis serves on the Board of Directors of civic or charitable organizations with Mr. Greenberg and Mr. Hankowsky.
5. The Company has banking arrangements with Citizens Financial Group or its affiliates, and Mr. Hankowsky is a member of the Board of Directors of Citizens Financial Group. The amounts paid by the Company to these other entities are not material to these entities.
6. Mr. DeBenedictis was a member of the advisory group for the company that employed Mr. Browne.
7. The Company or its subsidiaries make interest payments on their debt instruments that are owed by the parent company, or its affiliates, of the company that employed Mr. Browne. The amounts paid by the Company or its subsidiaries to these entities are not material to these entities.

Based on a review applying the categorical standards set forth in the Company's Corporate Governance Guidelines and considering the relevant facts and circumstances of the transactions, relationships and arrangements between the directors and the Company described above, the Board of Directors has affirmatively determined that each nominee for director, other than Mr. DeBenedictis, the Company's Chief Executive Officer, is independent.

In 2005, the Board of Directors approved share ownership guidelines for each director to own shares of Company common stock having a value equal to five times the annual base cash retainer for directors. Directors have up to five years to attain this guideline share ownership level. As of December 31, 2014, each director owned sufficient shares to comply with these guidelines except Mr. Holland, who has until 2016 to meet the guidelines, five years following his election to the Board of Directors, and Mr. Browne, who has until 2018 to meet the guidelines, five years following his election to the Board of Directors.

#### **BOARD OF DIRECTORS LEADERSHIP STRUCTURE**

The Board of Director s current policy is that the positions of Chairman and Chief Executive Officer are held by the same person. The Board of Directors believes that this leadership structure has served the Company well over th