

AQUA AMERICA INC
Form 424B5
April 24, 2019

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-223306**

SUBJECT TO COMPLETION,

Preliminary Prospectus Supplement dated April 24, 2019

Prospectus Supplement

(To Prospectus dated February 28, 2018)

\$900,000,000

AQUA AMERICA, INC.

\$ % Senior Notes due 2029

\$ % Senior Notes due 2049

We are offering \$ aggregate principal amount of our % Senior Notes due 2029 (the "2029 notes") and \$ aggregate principal amount of our % Senior Notes due 2049 (the "2049 notes"). We refer to the 2029 notes and the 2049 notes together as the "notes."

The 2029 notes will bear interest at the rate of % per year and will mature on , 2029. The 2049 notes will bear interest at the rate of % per year and will mature on , 2049. Interest on the notes will accrue from , 2019 and will be payable semi-annually in arrears on and of each year, beginning on , 2019.

At our option, we may redeem some or all of the notes of each series at any time at the applicable redemption price for such series of notes described in this prospectus supplement.

We intend to use the net proceeds from this offering, together with the net proceeds from the other Financing Transactions (as defined herein), to (1) fund the acquisition (the “Acquisition”) of all of the issued and outstanding limited liability company membership interests of LDC Funding LLC (“LDC”), the parent of a group of natural gas public utility companies (collectively with LDC, “Peoples”), (2) complete the Company Debt Refinancing (as defined herein) and (3) pay related costs and expenses. We intend to use the remaining balance of net proceeds from this offering for general corporate purposes, including working capital and capital needs or repayment of borrowings under our existing revolving credit facility. See “Use of Proceeds.”

This offering is not conditioned upon the consummation of the Acquisition. However, if (i) the Acquisition has not been consummated on or prior to April 22, 2020, (ii) on or prior to April 22, 2020 and prior to the consummation of the Acquisition, the Acquisition Agreement (as defined herein) is terminated or (iii) prior to the consummation of the Acquisition, we otherwise publicly announce that the Acquisition will not be consummated, then we will be required to redeem all of the outstanding notes on the Special Mandatory Redemption Date (as defined herein) at a special mandatory redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date as described under the caption “Description of the Notes—Special Mandatory Redemption” in this prospectus supplement.

This offering is not conditioned upon the completion of the Private Placement (as defined herein). This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any securities offered in any of the other Financing Transactions.

The notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured senior indebtedness and guarantees, will be effectively subordinated to any of our secured indebtedness (to the extent of the collateral securing such indebtedness) and will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries (including, upon consummation of the Acquisition, indebtedness and other liabilities of LDC and its subsidiaries that we assume in connection with the Acquisition).

For a more detailed description of the notes, see “Description of the Notes,” beginning on page S-27. of this prospectus supplement.

Investing in the notes involves risks. See “Risk Factors” on page S-13 of this prospectus supplement, page 8 of the accompanying prospectus and in the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus.

	Per 2029 Note	Per 2049 Note	Total
Public Offering Price ⁽¹⁾		%	% \$
Underwriting Discount		%	% \$
Proceeds, before expenses, to Aqua America	\$	\$	\$

⁽¹⁾ Plus accrued interest from _____, 2019, if settlement occurs after that date.

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

The underwriters expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking S.A. and Euroclear Bank SA/NV, as operator of the Euroclear System, against payment in New York, New York on or about _____, 2019.

Joint Bookrunners

RBC Capital Markets **Goldman Sachs & Co. LLC**
BofA Merrill Lynch **Morgan Stanley Wells Fargo Securities**

Co-Managers

PNC Capital Markets LLC **Barclays** **Citizens Capital Markets** **Huntington Capital Markets**
MUFG **J.P. Morgan** **TD Securities**

, 2019

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ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise specified or the context requires otherwise, references in this prospectus supplement to (1) “Aqua America,” the “Company,” “we,” “us,” “our” and similar references refer to Aqua America, Inc. and its subsidiaries prior to the proposed Acquisition, (2) the “combined company” refers to Aqua America and its subsidiaries after completion of the Acquisition (as defined herein) and (3) “this offering” refers to this offering of the notes pursuant to this prospectus supplement and the accompanying prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about us, some of which does not apply to this offering of the notes. To the extent the information in this prospectus supplement is inconsistent with the information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

We have not, and the underwriters have not, authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus we may provide to you in connection with this offering. Neither we nor the underwriters take any responsibility for, or provide any assurances as to the reliability of, any additional or different information that others may give you. Neither we nor the underwriters are offering to sell the notes or seeking offers to buy the notes in jurisdictions where offers or sales are not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and any related free writing prospectus is accurate only as of their respective dates or as of the respective dates specified in such information, as applicable, and the information contained in documents incorporated by reference is accurate only as of the respective dates of those documents or as of the respective dates specified in such information, as applicable, in each case regardless of the time of delivery of this prospectus supplement or the accompanying prospectus or any such free writing prospectus or any sale of the notes. Our business, financial condition, results of operations and prospects may have changed since those dates.

The distribution of this prospectus supplement, the accompanying prospectus and any related free writing prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement, the accompanying prospectus and any such free writing prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement, the accompanying prospectus and any such free writing prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See “Underwriting.”

BASIS OF PRESENTATION

Unless otherwise specified or the context requires otherwise, the information in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein or therein, (1) does not give effect to any of the Transactions (as defined below) and (2) when giving effect to the Acquisition, assumes there are no adjustments to the Default Cash Acquisition Consideration (as defined herein) and that the Cash Acquisition Consideration (as defined herein) will therefore be \$4.275 billion.

Although (1) the Acquisition has not yet occurred and, if completed, will not occur until after the closing of this offering, (2) the Private Placement has not yet closed, (3) this offering is not contingent upon the completion of the Private Placement, the Acquisition or the Company Debt Refinancing, (4) the notes include a special mandatory redemption provision requiring us to redeem the notes upon the occurrence of a Special Mandatory Redemption Event (as defined herein) and (5) the securities issued in the TEU Offering (as defined herein) may be redeemed, repaid, or repurchased if the Acquisition is not consummated or is not consummated by a specified date, the pro forma and certain of the as adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus gives pro forma effect to the Acquisition, the Company Debt Refinancing and the Financing Transactions as if we had completed all such transactions as of December 31, 2018, in the case of balance sheet data, and as of January 1, 2018, in the case of income statement data, unless otherwise specified. The unaudited pro forma consolidated combined financial information included in our Current Report on Form 8-K/A filed with the U.S. Securities and Exchange Commission (the “SEC”) on April 15, 2019 (the “Acquisition 8-K/A”), which is incorporated by reference in this prospectus supplement and the accompanying prospectus and may be obtained as described in this prospectus supplement under the heading “Where You Can Find Additional Information; Incorporation of Certain Documents by Reference,” does not give effect to our issuance of \$150 million principal amount of notes in this offering, because we have assumed that the net proceeds from that portion of this offering will be used for general corporate purposes, including working capital and capital needs or repayment of borrowings under our existing revolving credit facility. See “Use of Proceeds.” Moreover, the unaudited pro forma consolidated combined financial information included in the Acquisition 8-K/A and certain pro forma and as adjusted information included in this prospectus supplement have been calculated on the basis of assumptions made by our management at the time such information was prepared. For example, such unaudited pro forma consolidated combined financial information reflects assumptions regarding (a) the amount of proceeds we will receive from, and certain pricing and other terms of, the Financing Transactions, (b) the number of securities to be issued in connection with the Financing Transactions and (c) the terms on which the Acquisition and the Company Debt Refinancing will be completed. In particular, although we priced the Common Stock Offering (as defined herein) and the TEU Offering, and the underwriters for the Common Stock Offering and the TEU Offering exercised in full their respective options to purchase additional shares of our common stock and additional TEUs (as defined herein), and although we have entered into the CPPIB Agreement (as defined herein) in respect of the Private Placement (as defined herein), such unaudited pro forma consolidated combined financial information reflects assumptions regarding the number of shares of our common stock or TEUs, as applicable, sold in each such offering (including the assumption that such options were not exercised) and the pricing terms thereof, as well as assumptions regarding the amount of debt we expect to issue or incur to finance the Acquisition and the Company Debt Refinancing, and such information has not been updated to reflect actual amounts or updated expectations.

As a result, purchasers of the notes in this offering should not place undue reliance on the pro forma and as adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus

because this offering is not contingent upon completion of any of the other transactions reflected in that information.

All references to currency amounts included in this prospectus supplement are in U.S. dollars unless specifically noted otherwise.

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FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, the accompanying prospectus and the documents they incorporate by reference contain, and any free writing prospectus we may provide to you in connection with this offering are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) 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,” “probably,” “predictions,” “intends,” “continue,” “in the event” or the negative of such terms or similar expressions. Such forward-looking statements 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, both within and outside the water and wastewater industry, the success of pending acquisitions and the impact of future acquisitions;
- expectations regarding the proposed Acquisition, including statements regarding regulatory approvals for the Acquisition, potential financing transactions related to the Acquisition (including statements regarding the Financing Transactions and the use of proceeds therefrom, including the Company Debt Refinancing), closing of the Acquisition or the impact of the Acquisition on the Company;
- the capacity of our water supplies, water facilities and wastewater facilities;

· the impact of federal and/or state tax policies, including changes in tax laws and policies as a result of the Tax Cuts and Jobs Act of 2017, and the regulatory treatment of the effects of those policies;

· 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 and decisions regarding potential acquisitions;

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

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- 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; 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:

- our ability to integrate and otherwise realize all of the anticipated benefits of businesses, technologies or services which we may acquire;

- our ability to manage the expansion of our business, including our ability to manage our expanded operations following the closing of the Acquisition;

- 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;

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

- Peoples' ability to transport, distribute and store natural gas;

- the profitability of future acquisitions;

- changes to the rules or our assumptions underlying our determination of what qualifies for an income tax deduction for qualifying utility asset improvements;
 - conditions to the completion of the Acquisition may not be satisfied or waived on a timely basis, or at all;
 - the decisions of governmental and regulatory bodies, including decisions on rate increase requests and decisions regarding potential acquisitions;
 - 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 and seasonality effects;
 - changes in, or unanticipated, capital requirements;
 - changes in our credit ratings or the market price of our common stock;
 - changes in valuation of strategic ventures;
 - 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;
 - the diversion of our management's time and resources caused by the announcement and pendency of the Acquisition;
 - labor disputes;
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- 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 and commodity prices;
- 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;
- changes in accounting pronouncements;
- litigation and claims;
- changes in environmental conditions, including the effects of climate change;
- restrictions on our subsidiaries' ability to make dividends and other distributions;
- restrictions and limitations that may stem from financing arrangements we enter into or assume in the future, or from the redemptions and repurchases we may undertake if the Acquisition is not consummated;
- adverse effects to holders of the notes related to any financing transactions, including the Financing Transactions;
- broad discretion of our management to use the net proceeds from the Common Stock Offering if the Acquisition is not consummated; and
- the availability of funds to redeem the notes in the event of a special mandatory redemption.

Given these risks and uncertainties, you should not place undue reliance on any forward-looking statements. You should read this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference into this prospectus supplement completely and with the understanding that our actual 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 supplement, the date of the document containing the applicable statement or the date specified in such statement, as applicable. 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. For further information or other factors which could affect our financial results and such forward-looking statements, see “Risk Factors.” We qualify all of our forward-looking statements by these cautionary statements.

Investing in the notes involves risks. You should review and consider carefully the risks, uncertainties and other factors that affect our business, financial condition and results of operations and the value of the notes, including those described in the “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections and other sections in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and the Acquisition 8-K/A, and those described in the “Risk Factors” sections and other sections of this prospectus supplement and the accompanying prospectus. You may obtain copies of these reports and documents as described under “Where You Can Find Additional Information; Incorporation of Certain Documents by Reference” in this prospectus supplement. These risks, uncertainties and other factors could cause you to suffer a loss of all or part of your investment in the notes. Before making an investment decision, you should carefully consider these risks, uncertainties and other factors, as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any related free writing prospectus we may provide to you in connection with this offering. However, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, operations, financial condition and financial results and the value of the notes.

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MARKET AND INDUSTRY DATA

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus include, and any free writing prospectus we may provide to you in connection with this offering may include, market, demographic and industry data and forecasts related to our business and to Peoples's business that are based on or derived from sources such as independent industry publications, publicly available information, government data and other information from third parties or that have been compiled or prepared by our or Peoples's management or employees. We do not guarantee the accuracy or completeness of any of this information, and we have not independently verified any of the information provided by third-party sources.

In addition, market, demographic and industry data and forecasts involve estimates, assumptions and other uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus supplement and under similar headings in the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus. Accordingly, you should not place undue reliance on any of this information.

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SUMMARY INFORMATION

The following summary highlights, and should be read together with, the information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. This summary may not contain all of the information that may be important to you, and you should carefully read this entire prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide to you in connection with this offering and the documents incorporated by reference herein and therein before making an investment decision. You may obtain a copy of the documents incorporated by reference by following the instructions in the section titled “Where You Can Find Additional Information; Incorporation of Certain Documents by Reference,” in this prospectus supplement. Unless we state otherwise or the context otherwise requires, references appearing in this prospectus supplement to “Aqua America,” the “Company,” “we,” “us” and “our” should be read to refer to Aqua America, Inc. and its subsidiaries.

Aqua America, Inc.

Aqua America, Inc., a Pennsylvania corporation, is the holding company for regulated utilities providing water or wastewater services to an estimated three million people in Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, and Virginia. Our largest operating subsidiary is Aqua Pennsylvania, Inc., which accounted for approximately 53% of our operating revenues and approximately 71% of our regulated segment’s income for 2018. As of December 31, 2018, Aqua Pennsylvania provided water or wastewater services to approximately one-half of the total number of people we serve. Aqua Pennsylvania’s service territory is located in the suburban areas in counties north and west of the City of Philadelphia and in 27 other counties in Pennsylvania. Our other regulated utility subsidiaries provide similar services in seven other states. In addition, the Company’s market-based activities are conducted through Aqua Infrastructure, LLC (“Aqua Infrastructure”) and Aqua Resources Inc. (“Aqua Resources”). Aqua Infrastructure provides non-utility raw water supply services for firms in the natural gas drilling industry. Aqua Resources provides water service through operating and maintenance contracts with a municipal authority and another party close to our utility companies’ service territory; and offers, through a third-party, water and sewer line protection solutions and repair services to households. In 2017, we completed the sale of two business units that were reported within Aqua Resources, one which installed and tested devices that prevent the contamination of potable water and another that constructed, maintained, and repaired water and wastewater systems. Additionally, during 2016, we completed the sale of business units within Aqua Resources, which provided liquid waste hauling and disposal services and inspection, and cleaning and repair of storm and sanitary wastewater lines.

Aqua America, which prior to its name change in 2004 was known as Philadelphia Suburban Corporation, was formed in 1968 as a holding company for its primary subsidiary, Aqua Pennsylvania, formerly known as Philadelphia Suburban Water Company. In the early 1990s, we embarked on a growth through acquisition strategy focused on water and wastewater operations. Our most significant transactions to date have been the merger with Consumers Water Company in 1999, the acquisition of the regulated water and wastewater operations of AquaSource, Inc. in 2003, the acquisition of Heater Utilities, Inc. in 2004, and the acquisition of American Water Works Company, Inc.’s regulated water and wastewater operations in Ohio in 2012. Since the early 1990s, our business strategy has been primarily directed toward the regulated water and wastewater utility industry, where we have more than quadrupled the number of regulated customers we serve, and have extended our regulated operations from southeastern

Pennsylvania to include our current regulated utility operations throughout Pennsylvania and in seven other states. During 2010 through 2013, we sold our utility operations in six states, pursuant to a portfolio rationalization strategy to focus our operations in areas where we have critical mass and economic growth potential. Currently, the Company seeks to acquire businesses in the U.S. regulated sector, which includes water and wastewater utilities and other regulated utilities, and to pursue growth ventures in market-based activities, such as infrastructure opportunities that are supplementary and complementary to our regulated businesses. On October 22, 2018, we entered into a purchase agreement to acquire a group of natural gas public utility companies that we refer to as “Peoples.” Peoples serves approximately 740,000 gas utility

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customers in western Pennsylvania, West Virginia, and Kentucky. See “—Recent Developments—Proposed Peoples Gas Acquisition” for additional information regarding Peoples and the Acquisition.

Our growth in revenues over the past five years is primarily a result of increases in water and wastewater rates and customer growth. The increase in our utility customer base, as shown below, has been due to customers added through acquisitions, partnerships with developers, and organic growth (excluding dispositions):

<u>Year</u>	Utility Customer Growth Rate	
2018	2.3	%
2017	1.1	%
2016	1.6	%
2015	1.9	%
2014	1.3	%

In 2018, our customer count increased by 22,741 customers, primarily due to utility systems that we acquired and organic growth. Overall, for the five-year period of 2014 through 2018, our utility customer base, adjusted to exclude customers associated with utility system dispositions, increased at an annual compound rate of 1.6%. During the five-year period ended December 31, 2018, our utility customer base, including customers associated with utility system acquisitions and dispositions, increased from 941,008 at January 1, 2014 to 1,005,590 at December 31, 2018. This five-year period includes the impact of the condemnation of our Fort Wayne, Indiana system in 2014, which resulted in the loss of approximately 13,000 connections.

Our principal executive office is located at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania 19010-3489, and our telephone number is 610-527-8000. Our website may be accessed at www.aquaamerica.com. The reference to our website is intended to be an inactive textual reference only, and the contents of our website are not incorporated by reference herein and should not be considered part of this prospectus supplement.

Our Business Strategy

Since the early 1990s, our business strategy has been primarily directed toward the regulated water and wastewater utility industry, where we have more than quadrupled the number of regulated customers we serve, and have extended our regulated operations from southeastern Pennsylvania to include our current regulated utility operations throughout Pennsylvania and in seven other states. We are focused on operating our businesses in a safe and efficient manner to provide exceptional service to our customers. Our key strategic priorities are as follows:

Pursue High-Quality, Low-Risk Earnings Growth

Growth in our existing water and wastewater utility business comes from both customer growth and increases in water and wastewater rates, driven by utility infrastructure investment. We expect to invest approximately \$1.4 billion into our existing water utility infrastructure over the 2019-2021 timeframe including approximately \$550 million in 2019. These estimates exclude planned capital expenditures by Peoples and the costs of new mains financed by advances and contributions in aid of construction. Our investment plans are supported by constructive regulatory environments in the jurisdictions in which we operate, and are expected to result in annual rate base growth over the same time period. Our regulators have a track record of setting rates and establishing terms of service that allow our regulated subsidiaries to obtain a fair and reasonable return on capital invested. Further, several of our regulators have put in place programs that incentivize prudent investments in our utility system by providing for reduced regulatory lag. For example, New Jersey allows for an infrastructure rehabilitation surcharge for water utilities, while Pennsylvania, Illinois, Ohio, Indiana and North Carolina allow for the use of an infrastructure rehabilitation surcharge for both water and wastewater utility

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systems. Aqua Virginia is also piloting an infrastructure rehabilitation surcharge for its water and wastewater utilities to be implemented in 2019, pursuant to the final order issued in Aqua Virginia's 2018 rate case.

In addition to our organic infrastructure investment, we expect to continue to actively explore opportunities to expand our operations through acquisitions of government-owned and regulated water and wastewater systems that provide services in areas near our existing service territories or in new service areas. With approximately 50,000 community water systems in the United States, 81% of which serve less than 3,300 customers, the water industry is the most fragmented of the major utility industries (telephone, natural gas, electric, water and wastewater). In the states where we operate regulated utilities, we believe there are approximately 14,000 community water systems of widely-varying size, with the majority of the population being served by government-owned water systems. Because of the fragmented nature of the water and wastewater utility industries, we believe that there are many potential water and wastewater system acquisition candidates throughout the United States. We believe numerous factors will drive continued consolidation of these systems, including the benefits of economies of scale, the increasing cost and complexity of environmental regulations, the need for substantial capital investment and the need for technological and managerial expertise.

Six of the states in which we operate currently have some form of fair market value legislation. This legislation allows the relevant public utility commission to utilize fair market value to set ratemaking rate base instead of the depreciated original cost of water or wastewater assets for certain qualifying municipal acquisitions. We believe that this legislation is another factor that will encourage consolidation in the water and wastewater industry, providing municipalities with an option for exiting the business if they are dealing with challenges associated with their aging, deteriorating water and wastewater assets, do not have the expertise or technical capabilities to continue to comply with ever increasing environmental regulations or simply want to focus on other community priorities. In 2018, we closed six municipal acquisitions with over 13,700 customers and over \$100 million of rate base.

Maintain a Low-Risk Regulated Utility Profile

Our core skill set is operating, maintaining and growing a regulated utility platform. The vast majority of our earnings are derived from regulated utilities, and we intend to maintain our focus on regulated utility platforms. As further discussed in “—Recent Developments—Peoples Gas Acquisition—Strategic Rationale for the Acquisition,” the Acquisition is consistent with this strategy. Our focus on regulated utilities has contributed to our historically stable earnings and cash flows, which forms the foundation for our dividend policy and has allowed us to raise dividends 28 times in the last 27 years.

Maintain Our Commitment to a Strong Balance Sheet

Our goal is to maintain a strong balance sheet and liquidity position in addition to solid investment grade credit ratings. We believe maintaining these objectives affords us the financial flexibility necessary to take advantage of

significant growth opportunities in our regulated utility businesses.

Our Competitive Strengths

We believe that we are well-positioned to meet our obligations to customers, grow our business and create shareholder value because of the following factors:

Extensive Track Record of Operating Stable Utilities

Our earnings are principally derived from the return on investment we earn on our utility assets. We estimate that, as of December 31, 2018, our rate base was approximately \$4.5 billion. We estimate that, as of December 31, 2019, assuming consummation of the Acquisition, our rate base will be approximately \$7.2 billion. Of the \$7.2 billion expected rate base as of December 31, 2019, we estimate that approximately 70% will be

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derived from water and wastewater utilities and approximately 30% will be derived from natural gas distribution. We have more than 130 years of service experience and a proven track record of operational efficiency.

Operations in Constructive Regulatory Jurisdictions

We currently have regulated utility operations in eight different states, which have collectively provided constructive regulatory environments for our utility operations, and following the Acquisition will have regulated utility operations in ten different states, which we believe will provide constructive regulatory environments for our expanded utility operations. Two of these ten states have in place rate decoupling mechanisms for water or gas utility businesses, which reduce the dependency of our revenues to the changes in the volume of managed water or natural gas that may result from fluctuations in the weather, gas consumption, water conservation, and other factors. Further, regulators in several of these states have put in place certain programs that incentivize prudent capital investments in our utility system by providing for accelerated recovery of and on capital. The regulatory framework in Pennsylvania, which accounted for approximately 71% of our Regulated segment's income for 2018, is generally considered progressive and is highly rated by Regulatory Research Associates. Pennsylvania's high rating is based on the probable level and quality of the earnings to be realized by the state's utilities as a result of regulatory, legislative and court actions, as well as the utilization of fully forecasted test years, Distribution Systems Improvement Charges and other automatic adjustment clauses that are intended to reduce the gap between the time that a capital project is completed and the recovery of costs in rates. As further discussed in “—Recent Developments—Peoples Gas Acquisition—Strategic Rationale for the Acquisition,” the Acquisition would increase our presence in constructive regulatory jurisdictions, particularly in Pennsylvania.

Significant Infrastructure Needs & Core Competency in Infrastructure Investment

According to recent U.S. EPA surveys, there are approximately 50,000 community water systems and approximately 15,000 wastewater systems in the United States, a majority of which are municipally owned, and more than \$740 billion will need to be spent to maintain and improve U.S. water and wastewater infrastructure over the next 20 years. We have historically leveraged our expertise in infrastructure improvement and pipeline replacement to improve safety and reliability throughout the states in which we operate. For example, over the last 15 years, our investment in pipe replacement in southeastern Pennsylvania has resulted in a 53% reduction in discolored water-quality-related service orders and a 60% reduction in main breaks. As municipalities face the challenges of replacing deteriorating infrastructure, we provide a viable and valuable solution to communities through our expertise and our economies of scale. In addition, we expect the Acquisition will introduce new infrastructure investment opportunities, as discussed in “—Recent Developments—Peoples Gas Acquisition—Strategic Rationale for the Acquisition.”

Consistent History of Dividend Growth. We have paid dividends consecutively for 74 years

In 2018, our Board of Directors raised the quarterly dividend on our common stock by 7%, increasing the effective annual dividend rate to \$0.876 per share, beginning with the dividend payment in September 2018. This is the 28th dividend increase in the past 27 years and the 20th consecutive year that we have increased our dividend in excess of 5%.

Experienced Management Team

Our senior management team is highly experienced in the utility industry. The team is supported by a core group of employees in leadership positions with substantial experience in the operation of regulated utility businesses. In addition, as discussed in “—Recent Developments—Peoples Gas Acquisition—Strategic Rationale for the Acquisition,” the Peoples’s management team has significant experience in the natural gas utility industry. Additionally, the Aqua America CEO serves on the Board of Directors of the National Association of Water Companies.

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Recent Developments

Proposed Peoples Gas Acquisition

On October 22, 2018, we entered into a Purchase Agreement (the “Acquisition Agreement”) with LDC Parent LLC, a Delaware limited liability company (“Seller”), to acquire all of the issued and outstanding limited liability company membership interests of LDC, the parent of a group of natural gas public utility companies including Peoples Natural Gas Company LLC, a Pennsylvania limited liability company, Peoples Gas Company LLC, a Pennsylvania limited liability company, Peoples Gas WV LLC, a West Virginia limited liability company, Peoples Gas Kentucky LLC, a Kentucky limited liability company, and Delta Natural Gas Co., Inc., a Kentucky corporation, as well as other operating subsidiaries.

The Acquisition, once consummated, will expand our regulated utility business to include natural gas distribution. The cash purchase price for the Acquisition will be an amount equal to \$4.275 billion (the “Default Cash Acquisition Consideration”), subject to adjustments for working capital, certain capital expenditures, transaction expenses and closing indebtedness as set forth in the Acquisition Agreement (as so adjusted, the “Cash Acquisition Consideration”). The Company expects to assume, as a result of acquiring Peoples, approximately \$1,370 million of Peoples’s indebtedness upon the closing of the Acquisition, which would reduce the cash purchase price by approximately \$1,370 million pursuant to the foregoing adjustments. See “—Financing Transactions” and “Use of Proceeds” for a discussion of our plans to finance the Cash Acquisition Consideration.

Closing of the Acquisition is subject to customary closing conditions set forth in the Acquisition Agreement, including, among others, (1) the absence of any law or governmental order prohibiting the consummation of the Acquisition, (2) the accuracy of the parties’ representations and warranties, subject to customary materiality standards and certain other exceptions, (3) compliance in all material respects of the parties with their applicable covenants under the Acquisition Agreement, subject to certain exceptions, (4) the absence of a “material adverse effect” with respect to LDC and its subsidiaries and (5) receipt of certain regulatory approvals, including from the public utility commission in Pennsylvania and West Virginia. The closing of the Acquisition is not subject to any financing condition. We currently expect the Acquisition will close in mid-2019.

The Acquisition Agreement contains certain termination rights for each of us and Seller. The Acquisition Agreement may be terminated at any time prior to the closing of the Acquisition in the event the Acquisition is not completed by October 22, 2019 (subject to extension, on the terms set forth in the Acquisition Agreement, to April 22, 2020 in order to obtain necessary regulatory approvals) (the “Acquisition Outside Date”). However, neither we nor Seller may terminate the Acquisition Agreement pursuant to the foregoing if our or Seller’s respective failure to fulfill any obligation under the Acquisition Agreement was the primary cause of the failure of the closing to occur on or before the Acquisition Outside Date. The Acquisition Agreement may also be terminated at any time prior to the closing of the Acquisition by mutual written consent of us and Seller, and in other customary circumstances. In the event that the Acquisition Agreement is terminated due to certain breaches by us, we would be required to pay a fee of \$120 million to the Seller as liquidated damages.

The Acquisition and the Acquisition Agreement are described in more detail in our Current Report on Form 8-K filed with the SEC on October 23, 2018 (the “Acquisition 8-K”), which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The foregoing summary description does not purport to be complete and is qualified in its entirety by reference to the complete text of the Acquisition Agreement, which was filed as Exhibit 2.1 to the Acquisition 8-K.

The Acquisition Agreement has been filed as an exhibit to our public reports filed with the SEC, and has been incorporated by reference into this prospectus supplement and the accompanying prospectus, solely to provide information to current and prospective investors and security holders regarding its terms. The Acquisition

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Agreement and the description of certain terms of the Acquisition Agreement appearing in this prospectus supplement and some of the documents incorporated by reference in the accompanying prospectus are not intended to provide any other factual information about Aqua America, Peoples, their respective businesses, or the actual or future conduct of their respective businesses or to modify or supplement any factual disclosures about Aqua America or Peoples included in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference therein or Aqua America's other public reports. The Acquisition Agreement and any descriptions thereof should not be relied upon as representations or warranties about Aqua America or Peoples or, other than with respect to the terms of the Acquisition Agreement, as disclosure about Aqua America or Peoples. No one should rely on the representations, warranties and covenants in the Acquisition Agreement or any descriptions thereof as characterizations of the actual state of facts or conditions of Aqua America or Peoples or any of their respective subsidiaries or affiliates. The representations and warranties contained in the Acquisition Agreement are the product of negotiations among the parties thereto and that the parties made to, and solely for the benefit of, each other as of specified dates. The assertions embodied in those representations and warranties are subject to qualifications and limitations agreed to by the respective parties and are also qualified in important part by confidential disclosure schedules delivered in connection with the Acquisition Agreement. In addition, those representations and warranties were made for the purpose of allocating contractual risk between the parties to the Acquisition Agreement instead of establishing these matters as facts, and may be subject to standards of materiality used by the contracting parties that differ from those applicable to investors and security holders. Moreover, information concerning the subject matter of the representations and warranties may change after the dates contemplated by the Acquisition Agreement, which subsequent information may or may not be reflected in this prospectus supplement or the documents incorporated by reference in this prospectus supplement and the accompanying prospectus or in Aqua America's other public reports. The Acquisition Agreement and any such descriptions thereof should not be read alone, but should instead be read in conjunction with the other information regarding Aqua America or Peoples that is contained in, or incorporated by reference into, this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.

The consummation of this offering is not conditioned upon the closing of the Acquisition. There can be no assurance that the Acquisition will be consummated on the terms or by the time currently contemplated, or at all, or, if consummated, that the terms of the Acquisition, including the financing thereof and the closing date, will not differ, perhaps substantially, from those currently contemplated or described in this prospectus supplement or the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The closing of the Acquisition is subject to, among other conditions, the receipt of regulatory approvals by the Pennsylvania Public Utility Commission. We filed an application for approval by the Pennsylvania Public Utility Commission, and several entities have intervened in the proceeding. The procedural schedule requires rebuttal testimony to be filed on April 30, 2019. We have initiated settlement discussions with the intervenors and those negotiations are ongoing. Whether through a settlement agreement or through a litigated proceeding, we may be required to agree to certain actions, undertakings, terms, or other measures, including those that may require increased capital or other expenditures by the Company. See "Risk Factors—Risks Related to the Acquisition and the Financing Transactions" in this prospectus supplement, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and "Risk Factors" in the Acquisition 8-K/A (as updated by annual, quarterly and other reports and documents we file with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus).

About Peoples

Headquartered in Pittsburgh, Pennsylvania, Peoples primarily engages in regulated distribution and transportation of natural gas to approximately 740,000 residential, commercial and industrial customers in Pennsylvania, West Virginia and Kentucky. For the year ended December 31, 2018, Peoples's operating revenues amounted to \$914 million.

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For a discussion of Peoples's business, operations, financial condition and financial results and the specific risks related to Peoples's business, operations, financial condition and financial results, please see the "Peoples's Business," "Risk Factors related to Peoples" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Peoples" in the Acquisition 8-K/A.

Strategic Rationale for the Acquisition

We believe the Acquisition is a strategically compelling transaction that brings together two high-quality regulated utility companies in regions with constructive regulatory environments and attractive demographics. Consistent with our strategy of growing our regulated utility platform, we expect that the Acquisition will introduce a new platform for regulated growth, creating a leading water and natural gas utility in the United States with scale across the water, wastewater and natural gas distribution sectors. We believe this enhanced growth platform will present opportunities for the Company to grow our rate base through a wider range of infrastructure investment opportunities. In addition, as a larger publicly traded utility, we expect to have better access to capital to fund our infrastructure and capital expenditure needs. We also believe our enhanced scale and better access to the capital markets will support our commitment to strong investment grade credit ratings.

Both Aqua America and Peoples have demonstrated the ability to earn a return on and recover invested capital, with a history of sustained growth in earnings and cash flow. We believe the Acquisition will diversify the Company's cash flow while preserving our low-risk regulated utility profile, resulting in a multi-platform utility with operations spanning ten states.

We expect that the Acquisition will increase our presence in constructive regulatory jurisdictions, particularly Pennsylvania, where the regulatory framework is generally considered progressive and is highly rated by Regulatory Research Associates. Pennsylvania's high rating is based on the probable level and quality of the earnings to be realized by the state's utilities as a result of regulatory, legislative, and court actions, as well as the utilization of fully forecasted test years, Distribution Systems Improvement Charges and other automatic adjustment clauses that are intended to reduce the gap between the time that a capital project is completed and the recovery of costs in rates. The Peoples's management team will bring significant experience investing in and operating critical energy and safety infrastructure; their experience and knowledge is expected to be highly complementary to our core focus of operating our businesses in a safe and efficient manner to provide exceptional service to our customers.

We expect the Acquisition to increase our scale, cash flow diversity and rate base and strengthen our financial foundation, creating an enhanced platform for long-term growth. However, there can be no assurance that the Acquisition will be consummated on the terms or by the time currently contemplated, or at all, or, if consummated, that we will realize the anticipated benefits of the Acquisition. See "Risk Factors—Risks Related to the Acquisition and the Financing Transactions" in this prospectus supplement and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (as updated by annual, quarterly and other reports and documents we file with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus).

Financing Transactions

In addition to the issuance of our notes in connection with this offering, we expect to obtain additional financing to (1) fund the Acquisition, (2) complete the redemption of approximately \$314 million aggregate principal amount of our privately placed notes (such notes, the “PPNs,” and such redemption, the “Company Debt Refinancing”) and (3) pay related costs and expenses as described below. In addition, we intend to use the remaining balance of net proceeds from this offering for general corporate purposes, including working capital and capital needs or repayment of borrowings under our existing revolving credit facility (the “Revolving

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Credit Facility”). In connection with the Common Stock Offering and the TEU Offering, we issued notices of redemption with respect to our PPNs as part of the Company Debt Refinancing. Redemption of our PPNs is expected to occur on May 18, 2019. This prospectus supplement is not an offer or a solicitation of an offer to buy or sell any of our PPNs. For information regarding sources and uses of funds in connection with the Acquisition and the Financing Transactions, see “Use of Proceeds.

Common Stock Offering. On April 23, 2019, we completed an offering of 37,370,017 shares of our common stock, par value \$0.50 per share (our “common stock”) (including 4,874,350 shares issued upon the underwriters exercise in full of their option to purchase additional shares) at the public offering price of \$34.62 per share (the “Common Stock Offering”). We raised approximately \$1,263.2 million in aggregate net proceeds from the Common Stock Offering, after deducting the underwriting discounts and commissions and estimated offering expenses.

TEU Offering. On April 23, 2019, we completed an offering of 13,800,000 of our 6.00% tangible equity units (“TEUs”) (including 1,800,000 TEUs issued upon the underwriters exercise in full of their option to purchase additional TEUs) at the public offering price of \$50 per TEU (the “TEU Offering”). Each TEU is comprised of two parts: (1) a prepaid stock purchase contract issued by us (a “TEU purchase contract”) and (2) a senior amortizing note issued by us (a “TEU amortizing note”). If the Acquisition has not occurred on or prior to April 22, 2020, or if, prior to such date, the Acquisition Agreement is terminated, we may elect to redeem all, but not less than all, of the outstanding TEU purchase contracts in accordance with the terms thereof (an “acquisition termination redemption”). Upon any such acquisition termination redemption, holders of TEUs would have the right to require us to repurchase their TEU amortizing notes at the relevant repurchase price. Unless earlier redeemed by us in connection with an acquisition termination redemption or settled earlier at the holder’s option or at our option, each TEU purchase contract will, subject to postponement in certain limited circumstances, automatically settle on April 30, 2022, and we will deliver a specified number of shares of our common stock per TEU purchase contract based upon applicable settlement rates and the market value of our common stock. The TEU amortizing notes have a specified initial principal amount and a specified interest rate and we will make specified payments of interest and partial repayments of principal on quarterly installment payment dates. We raised approximately \$673.7 million in aggregate net proceeds from the TEU Offering, after deducting the underwriting discounts and commissions and estimated offering expenses.

Private Placement. On March 29, 2019, we entered into a Stock Purchase Agreement (the “CPPIB Agreement”) with Canada Pension Plan Investment Board (“CPPIB”) pursuant to which CPPIB agreed to purchase an aggregate of 21,661,095 newly issued shares of our common stock at the lower of (1) \$34.62 per share and (2) the volume weighted average price per share in our public offerings of Common Stock to fund the Acquisition, the Company Debt Refinancing and pay related costs and expenses related thereto (the “Private Placement”). Following the completion of the Common Stock Offering and the TEU Offering, the price per share in the Private Placement is expected to be \$34.62 per share, and we expect to raise net proceeds of approximately

\$728.4 million from the Private Placement.

We expect the Private Placement to close concurrently with the consummation of the Acquisition, subject to certain closing conditions, including the closing of the Acquisition and the execution and delivery of a shareholder’s agreement between CPPIB and the Company. The completion of the Private Placement is not conditioned upon the

consummation of the Company Debt Refinancing or this offering.

Pursuant to the CPPIB Agreement, the shares purchased by CPPIB in the Private Placement will be subject to certain transfer restrictions until the earlier of 15 months following the completion of the Private Placement or specified change of control events with respect to the Company, subject to certain exceptions. In addition, subject to ownership thresholds and other customary requirements, CPPIB will have, pursuant to the shareholder's agreement to be entered into in connection with the closing of the Private Placement, (1) the right

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to appoint a member of our board of directors, (2) certain pre-emptive rights, (3) certain registration rights in respect of our shares purchased by CPPIB in the Private Placement and (4) certain “standstill” obligations with respect to the Company, subject to certain exceptions. Upon closing of the Private Placement, the Company has agreed to reimburse CPPIB for reasonable out-of-pocket diligence expenses of up to \$4 million, subject to certain exceptions.

The foregoing description of the Private Placement does not purport to be complete and is qualified in its entirety by reference to the full text of the CPPIB Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 29, 2019 and incorporated by reference herein.

Bridge Facility. On October 22, 2018, we obtained a commitment (the “Bridge Commitment”) from Goldman Sachs Bank USA and Royal Bank of Canada to provide 364-day senior unsecured bridge loans (the “Bridge Facility”), in an aggregate amount of up to \$5,100 million, subject to customary conditions set forth in the Bridge Commitment. As of the date of this prospectus supplement, we have terminated approximately \$3,570 million of commitments under the Bridge Commitment in connection with, among other things, the replacement of our prior unsecured revolving credit facility, the expected assumption of Peoples’s private placement notes and the completion of the Common Stock Offering and the TEU Offering. The Bridge Commitment may only be drawn upon to fund the Acquisition, the Company Debt Refinancing and related fees and expenses, and will expire upon the earliest to occur of (1) the termination of the Acquisition Agreement prior to the consummation of the Acquisition, (2) the closing of the Acquisition or (3) the Acquisition Outside Date.

If and to the extent the Private Placement is not completed, or such offering is completed for less aggregate net proceeds than anticipated, we currently intend to fund any shortfall through the issuance of additional shares of common stock or equity-linked securities or with additional debt financings, which may include borrowings under the Bridge Facility and/or the Revolving Credit Facility.

In this prospectus supplement, references to the “Financing Transactions” refer to this offering, the Common Stock Offering, the TEU Offering and the Private Placement, and references to the “Transactions” refer to the Financing Transactions, the Acquisition and the Company Debt Refinancing, including the application of the net proceeds from the Financing Transactions to complete such transactions, as described herein. In addition, unless otherwise specified or the context requires otherwise, references in this prospectus supplement to the “consummation of the Acquisition” or similar expressions shall be deemed to include the application of the net proceeds from the Financing Transactions to complete such transactions, as described herein, including the consummation of the Company Debt Refinancing.

This offering is not conditioned upon the consummation of the Private Placement, the Acquisition or the Company Debt Refinancing. However, if (i) the Acquisition has not been consummated on or prior to the April 22, 2020 (the “Special Mandatory Redemption Outside Date”), (ii) on or prior to the Special Mandatory Redemption Outside Date and prior to the consummation of the Acquisition, the Acquisition Agreement is terminated or (iii) prior to the consummation of the Acquisition, we otherwise publicly announce that the Acquisition will not be consummated, then we will be required to redeem all of the outstanding notes on the Special Mandatory Redemption Date at a special mandatory redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid

interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date as described under the caption “Description of the Notes—Special Mandatory Redemption.” In addition, the Private Placement will not be completed, and the securities issued in the TEU Offering may be redeemed, repaid, or repurchased, if the Acquisition is not consummated or is not consummated by a specified date. We cannot assure you that we will complete the Acquisition or the Private Placement on the terms contemplated by this prospectus supplement, or at all.

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THE OFFERING

The following summary describes certain terms of the notes and may not contain all of the information that may be important to you. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Notes” section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes. You should read this entire prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide to you in connection with this offering and the documents incorporated by reference herein and therein before making an investment decision. As used in this section, unless the context otherwise requires, references to “Aqua America,” the “Company,” “we,” “us,” “our” and similar references refer only to Aqua America, Inc. and not to its consolidated subsidiaries.

Issuer Aqua America, Inc., a Pennsylvania corporation

Notes Offered \$ aggregate principal amount of % Senior Notes due 2029 (the “2029 notes”).

\$ aggregate principal amount of % Senior Notes due 2049 (the “2049 notes” and, together with the 2029 notes, are referred to collectively herein as the “notes”).

The 2029 notes and the 2049 notes will each constitute a separate series of our debt securities under the indenture pursuant to which the notes will be issued.

Maturity 2029 notes: , 2029.

2049 notes: , 2049.

Interest Rate 2029 notes: % per year, accruing from , 2019.

2049 notes: % per year, accruing from , 2019.

Interest Payment Dates and of each year, beginning , 2019.

Ranking The notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured and senior indebtedness and guarantees. The notes will rank senior to all of our existing and future indebtedness, if any, that is subordinated to the notes. The notes will be effectively subordinated to any secured indebtedness we have or may incur (to the extent of the collateral securing such secured indebtedness) and will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries, including, upon consummation of the Acquisition, indebtedness and other liabilities of LDC and its subsidiaries that we assume in connection with the Acquisition.

We conduct our operations primarily through our subsidiaries and substantially all of our consolidated assets are held by our subsidiaries.

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As of December 31, 2018, on a pro forma basis after giving effect to the Transactions:

· Aqua America would have had approximately \$1,828 million of indebtedness outstanding, of which none would have been secured indebtedness; and

· Our subsidiaries (including LDC and its subsidiaries) would have had a total of approximately \$5,856 million of outstanding liabilities, including indebtedness, owed to non-affiliated third parties.

See “Description of the Notes—Ranking” and “—Recent Developments—Proposed Peoples Gas Acquisition.”

**Optional
Redemption**

At our option, we may redeem some or all of the notes of each series at any time at the applicable redemption price for such series of notes described in this prospectus supplement. See “Description of the Notes—Optional Redemption.”

**Special
Mandatory
Redemption**

The offering is not conditioned upon the consummation of the Acquisition, and the Acquisition may not be consummated on the terms described herein or at all; however, if (i) the Acquisition has not been consummated on or prior to the Special Mandatory Redemption Outside Date, (ii) on or prior to the Special Mandatory Redemption Outside Date and prior to the consummation of the Acquisition, the Acquisition Agreement is terminated or (iii) prior to the consummation of the Acquisition, we otherwise publicly announce that the Acquisition will not be consummated, then we will be required to redeem all outstanding notes on the Special Mandatory Redemption Date at a special mandatory redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date. See “Description of the Notes—Special Mandatory Redemption.” We are not required to deposit the proceeds from this offering into an escrow account pending completion of the Acquisition, nor will we grant any security interest or other lien on those proceeds to secure the redemption of the notes that are subject to special mandatory redemption as described above.

**Certain
Covenants**

The notes and the related indenture do not contain any financial or other similar restrictive covenants. However, we will be subject to the covenant described under the caption “Description of the Notes—Consolidation, Merger and Conveyance of Assets as an Entirety.”

We estimate that the net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately \$ million.

**Use of
Proceeds**

We intend to use the net proceeds from this offering, together with the net proceeds from the other Financing Transactions, to (1) fund the Acquisition, (2) complete the Company Debt Refinancing and (3) pay related costs and expenses as described below. We intend to use the remaining balance of net proceeds from this offering for general corporate purposes, including working capital and capital needs or repayment of borrowings under the Revolving Credit Facility. See “Use of Proceeds.”

**Trustee,
Registrar and
Paying Agent** U.S. Bank N.A.

Governing Law The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Risk Factors Investing in the notes involves risks. See “Risk Factors” in this prospectus supplement, the accompanying prospectus and in the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus for a discussion of some of the risks and other factors you should carefully consider before deciding to invest in the notes.

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RISK FACTORS

Investing in the notes involves risks. You should review and carefully consider the risks, uncertainties and other factors described below and all of the information included elsewhere in this prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide to you in connection with this offering and the documents incorporated by reference herein and therein before deciding to invest in the notes. We also urge you to consider carefully the risks, uncertainties and other factors set forth under the headings “Forward-Looking Statements” and “Market and Industry Data.” However, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, operations, financial condition and financial results and the value of the notes.

Risks Related to Our Business

For a discussion of specific risks related to our business, operations, financial condition and financial results, including certain risks related to the Acquisition, please see the “Business,” Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections in our Annual Report on Form 10-K for our fiscal year ended December 31, 2018, as updated by our annual, quarterly and other reports and documents we file with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus. See “Where You Can Find Additional Information; Incorporation of Certain Documents by Reference,” in this prospectus supplement. In addition, we provide the following risk factor.

Changes in our earnings may differ from changes in our rate base.

Our business is capital intensive and requires significant capital investments for additions to or replacement of property, plant and equipment. These capital investments create assets that are used and useful in providing regulated utility service, and as a result, increase our rate base, on which we generate earnings through the regulatory process. Changes in our reported earnings, however, may differ from changes in our rate base in a given period due to several factors, including rate case timing and the terms of such rate cases; over-or under-earnings in a given period due to changes in operating costs; the effects of tax rates or tax treatment of capital investments, including the effect of repair tax; capital expenditures that are not eligible for DSIC between rate cases; and acquisitions which have not yet been included in rate base. We anticipate that we may experience periods in which growth in earnings is less than growth in rate base; such differences may be significant and may persist over multiple reporting periods.

Risks Related to Peoples’s Business

For a discussion of specific risks related to Peoples's business, please see "Risk Factors related to Peoples" in the Acquisition 8-K/A. These risks, uncertainties and other factors are not the only ones that Peoples faces. Additional risks, uncertainties and other factors not presently known to us or that we currently deem immaterial may also impair Peoples's business, operations, financial condition and financial results. Any of these risks could, if the Acquisition is consummated, impair the combined company's business, operations, financial condition and financial results or could otherwise adversely impact our investment in Peoples, in which case you may lose all or part of your investment in the notes.

Risks Related to the Acquisition and the Financing Transactions

Aqua America expects to incur significant additional indebtedness in connection with the Acquisition. As a result, it may be more difficult for Aqua America to pay or refinance its debts or take other actions, and Aqua America may need to divert cash to fund debt service payments.

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As discussed herein, Aqua America expects to incur significant additional indebtedness to finance the Cash Acquisition Consideration and the Company Debt Refinancing and pay related transaction costs. Additionally, in connection with the Acquisition, Aqua America currently intends to assume approximately \$1,370 million of Peoples's indebtedness. Moreover, although Aqua America has raised significant proceeds through the Common Stock Offering and the TEU Offering and currently plans to fund a significant portion of the Cash Acquisition Consideration and the Company Debt Refinancing through the Private Placement, if and to the extent that the Private Placement is not completed or is completed for less aggregate net proceeds than anticipated, the amount of indebtedness it will incur to finance the Acquisition, the Company Debt Refinancing and associated transactions costs could increase, perhaps substantially. The increase in Aqua America's debt service obligations resulting from additional indebtedness could have a material adverse effect on the results of operations, financial condition and prospects of the combined company.

Aqua America's increased indebtedness could also:

make it more difficult and/or costly for Aqua America to pay or refinance its debts as they become due, particularly during adverse economic and industry conditions, because a decrease in revenues or increase in costs could cause cash flow from operations to be insufficient to make scheduled debt service payments;

limit Aqua America's flexibility to pursue other strategic opportunities or react to changes in its business and the industry sectors in which it operates and, consequently, put Aqua America at a competitive disadvantage to its competitors that have less debt;

require a substantial portion of Aqua America's available cash to be used for debt service payments, thereby reducing the availability of its cash to fund working capital, capital expenditures, development projects, acquisitions, dividend payments and other general corporate purposes, which could harm Aqua America's prospects for growth and the market price of our common stock, TEUs and debt securities (including the notes offered hereby), among other things;

result in a downgrade in the credit ratings on Aqua America's indebtedness, which could limit Aqua America's ability to borrow additional funds on favorable terms or at all (including in order to refinance the Bridge Facility (if drawn) and/or its other debt), increase the interest rates under its credit facilities and under any new indebtedness it may incur, and reduce the trading prices of its outstanding debt securities (including the notes offered hereby), common stock and TEUs (see "—Our credit ratings may not reflect all risks of an investment in the notes" and "Summary Information—Recent Developments—Financing Transactions");

make it more difficult for Aqua America to raise capital to fund working capital, make capital expenditures, pay dividends, pursue strategic initiatives or for other purposes;

result in higher interest expense, which could be further increased in the event of increases in interest rates on Aqua America's current or future borrowings subject to variable rates of interest; and

require that additional materially adverse terms, conditions or covenants be placed on Aqua America under its debt instruments, which covenants might include, for example, limitations on additional borrowings and specific restrictions on uses of its assets, as well as prohibitions or limitations on its ability to create liens, pay dividends, receive distributions from its subsidiaries, redeem or repurchase its stock or make investments, any of which could hinder its access to capital markets and limit or delay its ability to carry out its capital expenditure program or otherwise limit its flexibility in the conduct of its business and make it more vulnerable to economic downturns and adverse competitive and industry conditions.

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It is possible that this offering will be completed for less aggregate net proceeds than anticipated, which is a scenario in which we may incur borrowings under the Bridge Facility and/or borrowings under our Revolving Credit Facility. It is also possible that the Private Placement will not be completed or, if completed, will generate less aggregate net proceeds than anticipated, in which case we intend to fund any shortfall through the issuance of additional shares of common stock or equity-linked securities or with additional debt financings (which could include borrowings under the Bridge Facility) and/or borrowings under the Revolving Credit Facility. Any such borrowings under the Bridge Facility or the Revolving Credit Facility may cause us to incur significantly higher borrowing costs than the contemplated long-term financing, which would increase the overall cost of the Acquisition and could harm our business, financial condition, results of operations, and cash flows. Any borrowings under the Bridge Facility will mature 364 days after they are incurred. We may not be able to refinance borrowings under the Bridge Facility on favorable terms or at all before their maturity. In addition, the interest rate applicable to borrowings under the Bridge Facility will increase at the end of each three-month period after the borrowing date. Accordingly, we may incur additional interest expense if we are unable to refinance borrowings under the Bridge Facility before the interest rate increases take effect.

The increased indebtedness in connection with the Acquisition could cause us to place more reliance on cash flow from operations to pay principal and interest on debt and to satisfy our other obligations. Based on the current and expected results of operations and financial condition of Aqua America and its subsidiaries and the currently anticipated financing structure for the Acquisition, Aqua America believes that its cash flow from operations, together with the proceeds from borrowings, issuances of equity and debt securities in the capital markets, and equity sales will generate sufficient cash on a consolidated basis to make all of the principal and interest payments when such payments are due under Aqua America's and its current subsidiaries' existing credit facilities, indentures and other instruments governing their outstanding indebtedness, under the indebtedness anticipated to be incurred to fund the Cash Acquisition Consideration and the Company Debt Refinancing and under the indebtedness of Peoples anticipated to be assumed as a result of the Acquisition. However, Aqua America's expectation is based upon numerous estimates and assumptions and is subject to numerous uncertainties. LDC and its subsidiaries will not guarantee any indebtedness of Aqua America or any of its other subsidiaries, nor will any of them have any obligation to provide funds (nor will we have any ability to require them to provide funds), whether in the form of dividends, loans or otherwise, to enable Aqua America to pay dividends on its common stock or to enable Aqua America and its other subsidiaries to make required debt service payments or meet its other cash needs (including those described above under "Summary Information—Recent Developments"). In addition, as described below in "—Aqua America's ability to meet its debt obligations largely depends on the performance of its subsidiaries and the ability to utilize the cash flows from those subsidiaries," certain of LDC and its subsidiaries may face limitations on their ability to provide funds to Aqua America. As a result, Aqua America may substantially increase its debt services obligations in anticipation of the Acquisition without any assurance that Aqua America will receive any cash from LDC or any of its subsidiaries to assist Aqua America in servicing its indebtedness, paying dividends on its common stock or meetings its other cash needs. Even if the Acquisition is consummated, Aqua America may not have access to the cash or other assets of certain of LDC and its subsidiaries.

In order to maintain its credit ratings, Aqua America may consider it appropriate to reduce the amount of its indebtedness outstanding following the Acquisition. Aqua America may seek to reduce this indebtedness with the proceeds from the issuance of additional shares of common stock and, possibly, other equity-linked securities, cash on hand and proceeds from asset sales. However, the ability of Aqua America to raise additional equity financing after completion of the Acquisition will be subject to market conditions and a number of other risks and uncertainties, including whether the results of operations of the combined company meet the expectations of investors and securities analysts. Aqua America may not be able to issue additional shares of its common stock or other equity securities after

the Acquisition on terms that it considers acceptable or at all, and Aqua America may not be able to reduce the amount of its outstanding indebtedness after the Acquisition, should it elect to do so, to a level that permits it to maintain its investment grade credit ratings. See “—Our credit ratings may not reflect all risks of an investment in the notes” and “Summary Information—Recent Developments—Financing

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Transactions.”

The unaudited pro forma consolidated combined financial information and other adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus are presented for illustrative purposes only and do not purport to represent what the financial position or results of operations of the combined company would have been had the Transactions been completed on the dates assumed for purposes of that information, nor do they represent the actual financial position or results of operations of the combined company following the Transactions, if consummated.

The unaudited pro forma consolidated combined financial information and other adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus are presented for illustrative purposes only, are based on numerous adjustments, assumptions and estimates, are subject to numerous other uncertainties and do not purport to reflect what the combined company’s financial position or results of operations would have been had the Transactions been completed as of the dates assumed for purposes of that information, nor do they reflect the financial position or results of operations of the combined company following the Transactions, if consummated. Such unaudited pro forma consolidated combined financial information and certain other adjusted information reflects the assumptions of our management at the time that such information was initially prepared, and therefore does not reflect the amount of proceeds we will receive from, and certain pricing and other terms of, this offering and the Private Placement, and the actual amount of costs and expenses and underwriting discounts we will pay in connection with the Transactions. In addition, although we closed the Common Stock Offering and the TEU Offering on April 23, 2019, the unaudited pro forma consolidated combined financial information incorporated by reference in this prospectus supplement and the accompanying prospectus has not been updated to reflect the actual amount of proceeds we received from those offerings, the actual number of shares and TEUs we issued in those offerings, the actual underwriting discount we paid in those offerings or the actual size of this offering. Therefore, actual amounts, including the actual amount of net proceeds from the respective Financing Transactions, may differ, perhaps substantially, from the assumed amounts set forth in the unaudited pro forma consolidated combined financial information and the other adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

The unaudited pro forma consolidated combined financial information and other adjusted information has also been prepared on the assumption that the Transactions will be completed on the terms and in accordance with the assumptions set forth in such unaudited pro forma consolidated combined financial information or such adjusted information, as applicable. Any changes relative to these assumptions, including, without limitation, any changes in the assumed types or sizes of the Financing Transactions, the assumed interest on debt we will issue or otherwise incur, the assumed amount of our Transactions costs, the assumed amounts of net proceeds we receive from the respective Financing Transactions would result in a change relative to such unaudited pro forma consolidated combined financial information or such other adjusted information, which could be material. Because this offering is not contingent upon completion of the Acquisition, it is possible that this offering may be completed even if the Acquisition is not consummated, in which case we may be required to redeem all of the outstanding notes on the Special Mandatory Redemption Date as described under “Description of the Notes—Special Mandatory Redemption”, and we may elect to redeem all of the TEU purchase contracts, in which case holders of TEUs would have the right to require us to repurchase their outstanding TEU amortizing notes. It is also possible that this offering and the Private Placement, if completed, will not generate the anticipated amount of net proceeds, in which case we may draw upon the Bridge Commitment and/or incur borrowings under our Revolving Credit Facility and/or issue additional shares of

common stock or equity-linked securities. In any event, our and Peoples's actual financial positions and results of operations prior to the Acquisition and those of the combined company following the Acquisition, if consummated, may not be consistent with, or evident from, the unaudited pro forma consolidated combined financial information or other adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

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For purposes of the unaudited pro forma consolidated combined financial information, the Cash Acquisition Consideration has been preliminarily allocated to the identifiable assets acquired and liabilities assumed based on limited information presently available to estimate fair values. The Cash Acquisition Consideration will be allocated among the relative fair values of the identifiable assets acquired and liabilities assumed based on their estimated fair values as of the date of the Acquisition. The relative fair values of the assets acquired and liabilities assumed are estimates, which are subject to change pending further review. The actual amounts recorded at the completion of the Acquisition, if completed, may differ materially from the information presented in the unaudited pro forma consolidated combined financial information.

Although the unaudited pro forma consolidated combined financial information and other adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus include sensitivity analyses that are intended to assist you in quantifying the impact of changes in certain of the assumptions used in preparing such information, those sensitivity analyses reflect the pro forma impact of only a limited number of those assumptions and therefore do not allow you to quantify the impact of changes in certain other assumptions made in calculating this information. Changes in such other assumptions may have a material impact on such information. Likewise, the sensitivity analyses we have provided do not necessarily address the impact of all possible changes in the assumptions contemplated by such analyses. We do not intend to provide you with updated unaudited pro forma consolidated combined financial information or other adjusted information that reflects the actual size and terms of the Financing Transactions (other than to disclose the actual size and pricing terms of this offering and other than as provided in this prospectus supplement with respect to the Common Stock Offering and the TEU Offering) prior to the time you will be required to make a decision whether or not to invest in this offering.

As a result of the foregoing, investors should not place undue reliance on unaudited pro forma consolidated combined financial information and other adjusted information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Risks Related to the Notes

Aqua America's ability to meet its debt obligations largely depends on the performance of its subsidiaries and the ability to utilize the cash flows from those subsidiaries.

Aqua America is a holding company substantially all of whose assets are owned by its subsidiaries and substantially all of whose operations are conducted through its subsidiaries. Aqua America's ability to meet its debt and other obligations depends almost entirely on cash flows from its subsidiaries and, in the short term, its ability to raise capital from external sources. In the long term, cash flows from its subsidiaries depend on their ability to generate operating cash flows in excess of their own expenditures, common and preferred stock dividends (if any), and debt or other obligations. Its subsidiaries are separate and distinct legal entities that are not obligated to pay dividends or make loans or distributions to Aqua America (whether to enable Aqua America to pay principal and interest on its debt (including the notes offered hereby), to pay dividends on its common stock, to settle, repurchase or redeem its debt (including the TEU amortizing notes) or other securities (including the TEU purchase contracts), or to satisfy its other

obligations). In addition, notwithstanding its controlling interest in such subsidiaries, many of them are limited in their ability to pay dividends or make loans or distributions to Aqua America, including, without limitation, as a result of legislation, regulation, court order, contractual restrictions and other restrictions or in times of financial distress. Likewise, certain of LDC and its subsidiaries face similar restrictions that, if the Acquisition is consummated, will limit their ability to pay dividends or make loans or distributions to Aqua America. As a result, the Company may not be able to cause such subsidiaries and other entities to distribute funds or provide loans sufficient to enable it to meet its debt and other obligations, including obligations under the notes, and to pay dividends.

The notes are structurally subordinated to the liabilities of our subsidiaries, which will include the liabilities of Peoples and its subsidiaries if the Acquisition is consummated.

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The notes will be Aqua America's obligations exclusively and not of any of its subsidiaries. Therefore, the notes will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries (including, upon consummation of the Acquisition, indebtedness and other liabilities of LDC and its subsidiaries that we assume in connection with the Acquisition). Any right of Aqua America to receive assets of any of its subsidiaries upon the liquidation or reorganization thereof, and the consequent right of the holders of the notes to receive the proceeds of those assets, will be effectively subordinated to the claims of that subsidiary's creditors, except to the extent that Aqua America is itself recognized as a creditor of such subsidiary. If Aqua America is recognized as a creditor of such subsidiary, the claims of Aqua America would still be effectively subordinated to any secured indebtedness to the extent of the collateral of that subsidiary securing such indebtedness. As of December 31, 2018, on a pro forma basis after giving effect to the Transactions, (i) Aqua America would have had approximately \$1,828 million of indebtedness outstanding, of which none would have been secured indebtedness and (ii) our subsidiaries (including LDC and its subsidiaries) would have had a total of approximately \$5,856 million of outstanding liabilities, including indebtedness, owed to non-affiliated third parties. The indenture that will govern the notes will not restrict our subsidiaries' ability to incur additional indebtedness or other liabilities.

The indenture that will govern the notes does not prohibit us or our subsidiaries from incurring additional indebtedness in the future, and the limited covenants that will be included in the indenture that will govern the notes will not provide protection against other important corporate events and may not protect your investment.

As of December 31, 2018, on an actual basis, we had \$2,564 million of debt outstanding and, on a pro forma basis after giving effect to the Transactions, would have had approximately \$4,598 million of debt outstanding, including certain indebtedness of LDC and its subsidiaries we expect to assume in the Acquisition. Despite our current debt levels and the indebtedness we expect to incur and assume in connection with the Acquisition, we may be able to incur substantially more debt in the future. The indenture that will govern the notes does not prohibit us from incurring additional indebtedness in the future, including additional secured indebtedness that would be effectively senior to the notes to the extent of the value of the collateral securing such indebtedness. The indenture that will govern the notes will also permit unlimited additional borrowings by our subsidiaries that would be structurally senior to the notes. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the market value of your notes and a risk that the credit ratings of the notes is downgraded or withdrawn, which could negatively impact the price of the notes. See "—Our credit ratings may not reflect all risks of an investment in the notes."

In addition, the indenture will not contain any restrictive covenants limiting our ability to make investments, pay dividends or make payments on junior or other indebtedness, requiring us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity (and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations) or restricting our ability to repurchase or prepay our securities or to enter into highly leveraged transactions. We could engage in many types of transactions, such as certain acquisitions, refinancings or recapitalizations, that could substantially affect our capital structure and the value of the notes.

The notes will be subject to the prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.

The notes are unsecured obligations, ranking equally with our senior unsecured indebtedness and effectively junior to any secured indebtedness we may incur. The indenture that will govern the notes will not restrict our or our subsidiaries' ability to incur additional secured debt and, if we do incur additional secured debt, our assets securing any such indebtedness will be subject to prior claims by our secured creditors. In the event of the bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up of Aqua America, Inc., our

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assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in any remaining assets ratably with all of Aqua America, Inc.'s other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the notes then outstanding would remain unpaid. As of December 31, 2018, on a pro forma basis after giving effect to the Transactions, we would have had no secured indebtedness.

The notes are subject to mandatory redemption if the Acquisition is not consummated on or prior to the Special Mandatory Redemption Outside Date, or if, on or prior to such date and prior to the consummation of the Acquisition, the Acquisition Agreement is terminated, or if prior to the consummation of the Acquisition we otherwise publicly announce that the Acquisition will not be consummated. If we are required to redeem the notes, you may not obtain your expected return on the notes.

This offering is not conditioned upon the completion of the Acquisition. Our ability to consummate the Acquisition is subject to various conditions, certain of which are beyond our control. The Acquisition Agreement contains certain provisions permitting its termination under certain circumstances.

If the Acquisition has not been consummated on or prior to the Special Mandatory Redemption Outside Date, or if, on or prior to the Special Mandatory Redemption Outside Date and prior to the consummation of the Acquisition, the Acquisition Agreement is terminated, or if prior to the consummation of the Acquisition we otherwise publicly announce that the Acquisition will not be consummated, then we will be required to redeem all outstanding notes on the Special Mandatory Redemption Date at a special mandatory redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date. See "Description of the Notes—Special Mandatory Redemption" in this prospectus supplement.

We will not be required to deposit the proceeds from the issuance of the notes into an escrow account pending completion of the Acquisition, nor will we be required to grant any security interest in or other lien on those proceeds to secure any mandatory redemption of the notes. Similarly, any additional indebtedness, additional debt securities or other securities we incur or issue may require or permit us to redeem or repay some or all of such indebtedness, debt securities or other securities if the Acquisition does not occur by a specified date, the Acquisition Agreement is terminated or under similar circumstances. Any such additional indebtedness or securities may not, and the terms of the TEUs do not, require us to deposit the proceeds therefrom into an escrow account pending completion of the Acquisition or to grant any security interest in or other lien on those proceeds to secure any required repayment or redemption of any such indebtedness, debt securities or other securities. If we are required to redeem or repay any notes, or any other indebtedness, debt securities or other securities, whether because the Acquisition is not completed by a specified date, the Acquisition Agreement is terminated or under similar circumstances, our ability to pay the redemption or repayment price may be limited by our financial resources at the time and the terms of our debt instruments and other instruments and agreements, and it is possible that we will not have sufficient financial resources available to satisfy our obligations to redeem or repay any or all of the notes or any such additional indebtedness, debt securities or other securities. In addition, whether or not a special mandatory redemption of the notes or any such other indebtedness or securities is ultimately triggered, the existence of these redemption provisions

may adversely affect the trading prices of the notes until such time, if any, as the Acquisition is consummated.

If we are able to redeem notes pursuant to the special mandatory redemption, you may not obtain the return that you expected on your investment in the notes that are so redeemed and you may not be able to reinvest your redemption proceeds in an investment with a return that is as high as the return you would have earned on the notes that we redeemed and/or that have a similar level of investment risk.

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Our credit ratings may not reflect all risks of an investment in the notes.

The notes are expected to be rated by at least two nationally recognized statistical rating organizations. The ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, the notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A credit rating may not remain for any given period of time or a credit rating may be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances so warrant. In the event that a credit rating assigned to the notes or to us is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the notes, and the market value of the notes is likely to be adversely affected.

An active trading market may not develop for the notes.

Each series of notes will be a new issue of securities for which currently there is no established trading market. We do not intend to apply for the listing of the notes on any securities exchange or for quotation of the notes on any dealer quotation system. A trading market may not develop for the notes. Even if a market for the notes does develop, there may not be liquidity in that market or the notes might trade for less than their original value or face amount. The liquidity of any market for the notes will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors. If a liquid market for the notes does not develop, you may be unable to resell the notes for a long period of time, if at all. This means you may not be able to readily convert your notes into cash, and the notes may not be accepted as collateral for a loan.

Even if a market for the notes develops, trading prices could be higher or lower than the initial offering price. The price of the notes will depend on many factors, including prevailing interest rates, our operating results and the market for similar securities. Declines in the market prices for debt securities generally may also materially and adversely affect the liquidity of the notes, independent of our financial performance.

If an active trading market does develop, many factors could adversely affect the market price of the notes.

The market price of the notes will depend on many factors, including:

- ratings on our debt securities assigned by the credit rating agencies;

the market demand for securities similar to the notes and the interest of securities dealers in making a market for the notes;

·the number of holders of the notes;

·the prevailing interest rates being paid by other companies similar to us;

·our financial condition, financial performance and future prospects;

·the market price of our common stock;

·the prospects for companies in our industry generally; and

·the overall condition of the financial markets.

Historically, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the notes. It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the notes.

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The notes may not be a suitable investment for all investors.

You must determine the suitability of your investment in light of your own circumstances. In particular, you should (1) have sufficient knowledge and experience to make a meaningful evaluation of the notes, the merits and risks of investing in the notes and the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the notes and the impact the notes will have on your overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the notes; (4) understand thoroughly the terms of the notes and be familiar with the behavior of any relevant indices and financial markets; and (5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

We may redeem the notes at our option, which may adversely affect your return on the notes.

The notes are redeemable at our option, and we may, therefore, choose to redeem all or part of the notes at any time prior to the maturity date, including at times when prevailing interest rates are relatively low. In the event that we redeem the notes prior to maturity, you may not be able to reinvest the proceeds you receive from the redemption in a comparable security at an effective interest rate as high as the interest rate on your notes being redeemed.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$ _____ million (after deducting underwriting discounts and our estimated offering expenses). We intend to use net proceeds from this offering, together with the net proceeds from the TEU Offering, the Private Placement and the Common Stock Offering, to (1) fund the Acquisition, (2) complete the redemption of approximately \$314 million aggregate principal amount of the PPNs and (3) pay related costs and expenses as described below. In addition, we intend to use the remaining balance of net proceeds from this offering for general corporate purposes, including working capital and capital needs or repayment of borrowings under the Revolving Credit Facility. However, this offering is not conditioned upon the consummation of the Private Placement, the Acquisition or the Company Debt Refinancing. In addition, the Private Placement will not be completed, and the securities issued in the TEU Offering may be redeemed, repaid or repurchased, if the Acquisition is not consummated or is not consummated by a specified date. Likewise, in the event that the Acquisition is not consummated on or prior to the Special Mandatory Redemption Outside Date, or if, on or prior to the Special Mandatory Redemption Outside Date and prior to the consummation of the Acquisition, the Acquisition Agreement is terminated, or if prior to the consummation of the Acquisition we otherwise publicly announce that the Acquisition will not be consummated, then we will be required to redeem all of the outstanding notes on the Special Mandatory Redemption Date. The proceeds of this offering will not be deposited into an escrow account pending any special mandatory redemption of the notes. Pending application of the net proceeds of this offering for the foregoing purposes, the net proceeds may be invested temporarily in investment-grade securities or similar instruments, or be used to temporarily reduce borrowings under the Revolving Credit Facility.

The following table outlines our intended use of proceeds from this offering, including other estimated sources and uses of funds for the Acquisition, the Company Debt Refinancing and the related costs and expenses. The actual net proceeds from the Financing Transactions and the costs and expenses related to the Transactions will likely vary from the estimates reflected in the following table. See “Summary Information—Recent Developments—Financing Transactions.”

Sources of Funds⁽¹⁾ (in millions)	Uses of Funds		
Notes offered hereby	\$ 900	Cash Acquisition Consideration ⁽²⁾	\$2,905
TEU Offering	690	Company Debt Refinancing ⁽³⁾	314
Private Placement	750	Transactions costs and expenses,	
Common Stock Offering	1,294	including discounts and financing fees	265
Assumption of Peoples’s existing debt	1,370	Assumption of Peoples’s existing debt	1,370
		General corporate purposes ⁽⁴⁾	150
Total sources of funds	5,004	Total uses of funds	5,004

⁽¹⁾All amounts with respect to the Common Stock Offering and the TEU Offering reflect actual gross proceeds before underwriting discounts and offering expenses, and include gross proceeds from the shares of common stock and TEUs sold in such offerings upon the underwriters exercise in full of their respective options. All other amounts are estimated proceeds before underwriting discounts and offering expenses. If and to the extent that the Private

Placement is not completed, or if the aggregate net proceeds from this offering and the Private Placement are less than the aggregate amount set forth in this table for such offerings, we intend to fund any shortfall by issuing additional shares of common stock or equity-linked securities or with additional debt financings, which may include borrowings under the Bridge Facility and/or the Revolving Credit Facility.

Assumes the only adjustment to the Default Cash Acquisition Consideration is a reduction of \$1,370 million based upon the assumption by the Company of \$1,370 million aggregate principal amount of Peoples's indebtedness upon (2) closing of the Acquisition. To the extent we assume less than \$1,370 million aggregate principal amount of Peoples's existing indebtedness, we may issue additional shares of common stock, equity-linked securities and/or debt securities and/or incur borrowings under the Bridge Facility and/or the Revolving Credit Facility.

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In connection with the Acquisition and the Financing Transactions, we expect to redeem approximately \$314 million in aggregate principal amount of our PPNs prior to the closing of the Acquisition. Estimated premiums payable in connection with the Company Debt Refinancing are included in “Transaction Costs and expenses, including discounts and financing fees” above. The PPNs we intend to redeem in the Company Debt Refinancing⁽³⁾ have maturities ranging from 2019-2037 and interest rates ranging from 3.57-5.83%. In connection with the Common Stock Offering and the TEU Offering, we issued notices of redemption with respect to our PPNs as part of the Company Debt Refinancing. Redemption of our PPNs is expected to occur on May 18, 2019. This prospectus supplement is not an offer or a solicitation of an offer to buy or sell any of our PPNs.

Assumed remaining balance of gross proceeds from this offering after application of net proceeds from this offering and the other Financing Transactions to fund the Acquisition, complete the Company Debt Refinancing and pay⁽⁴⁾ related costs and expenses. We intend to use the remaining balance of net proceeds from this offering for general corporate purposes, including working capital and capital needs or repayment of borrowings under the Revolving Credit Facility.

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CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of December 31, 2018:

- on an actual basis;
- on an as adjusted basis to give effect to this offering; and
- on an as further adjusted basis to give effect to this offering, the Common Stock Offering and the TEU Offering; and
- on a pro forma basis to give effect to the Transactions, including this offering, the Acquisition, the Company Debt Refinancing, the TEU Offering, the Private Placement and the Common Stock Offering.

The completion of this offering is not conditioned upon the consummation of the Private Placement, the Acquisition or the Company Debt Refinancing. Accordingly, investors should not place undue reliance on the pro forma information included in this prospectus supplement because this offering is not conditioned upon the consummation of transactions reflected in such information. In addition, even if the Transactions are completed, actual amounts may vary from such information depending on several factors, including potential changes from our assumed financing plans as a result of market conditions or the timing of the consummation of the Acquisition.

The following data are qualified in their entirety by our financial statements and related notes and other information incorporated by reference in this prospectus supplement and the accompanying prospectus. This table should be read in conjunction with “Summary Information—Recent Developments—Proposed Peoples Gas Acquisition,” “Risk Factors,” “Use of Proceeds,” and our pro forma and consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus, and the other information contained in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

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(in thousands of dollars, except for per share amounts)	Actual	As Adjusted for this Offering	As Further Adjusted for the Common Stock Offering and the TEU Offering	Pro Forma for the Transactions
Cash and cash equivalents⁽¹⁾	\$3,627	\$	\$	\$
Debt:				
Long-term debt of subsidiaries ⁽²⁾	\$1,604,233	\$1,604,233	\$1,604,233	\$1,604,233
Revolving Credit Facility ⁽³⁾	370,000	370,000	370,000	K70,000
Privately placed notes ⁽⁴⁾	589,427	589,427	589,427	275,927
Notes offered hereby ⁽⁵⁾	—	900,000	900,000	900,000
Assumed Peoples's indebtedness ⁽⁶⁾	—	—	—	1,329,227
TEU amortizing notes that are components of the TEUs ⁽⁷⁾	—	—	119,081	119,081
Total debt	2,563,660	3,463,660	3,582,741	4,598,468
Equity:				
Preferred stock, \$1.00 par value (1,770,819 shares authorized, none issued)	—	—	—	—
Common stock, \$0.50 par value (300,000,000 shares authorized; 181,151,827 issued, actual and as adjusted; 218,521,844 issued, as further adjusted and 240,182,939 issued, pro forma) ⁽⁸⁾	90,576	90,576	109,261	120,091
Capital in excess of par value ⁽⁸⁾⁽⁹⁾	820,378	820,378	2,622,419	3,340,028
Retained earnings ⁽¹⁰⁾	1,174,245	1,174,245	1,174,245	1,130,168
Treasury stock, at cost	(75,835)	(75,835)	(75,835)	(75,835)
Total stockholders' equity	2,009,364	2,009,364	3,830,090	4,514,452
Total capitalization	\$4,573,024	\$5,473,024	\$7,412,831	\$9,112,920

As adjusted amount reflects the impact of the net proceeds of \$ million from this offering, which amount includes the portion of the net proceeds we intend to use for general corporate purposes, including working capital and capital needs or repayment of borrowings under the Revolving Credit Facility. As further adjusted amount additionally reflects the impact of the net proceeds of \$1,263.3 million from the Common Stock Offering and the net proceeds of \$673.7 million from the TEU Offering, which amounts include net proceeds from the shares of common stock and TEUs sold in such offerings upon the underwriters exercise in full of their respective options.

⁽¹⁾ The pro forma amount additionally reflects Peoples's cash balance of \$13.7 million as of December 31, 2018 and the estimated net proceeds from the Private Placement of \$728.4 million, less the estimated cash purchase price of Peoples of \$2,945.8 million (see Note 6), the estimated amount of the Company Debt Refinancing of approximately \$314 million (see Note 4) and additional estimated acquisition- related payments for expenses of \$110.3 million. Cash and cash equivalents may increase or decrease depending on, among other things, actual costs and expenses incurred in connection with the Transactions.

⁽²⁾ Such amounts do not include subsidiary debt that is reflected in "Privately placed notes" or in "Assumed Peoples's indebtedness".

(3) In December 2018, we entered into a five-year \$550 million unsecured Revolving Credit Facility, which replaced our prior unsecured revolving credit facility. Subject to customary conditions, we may request that the lenders under the Revolving Credit Facility provide an incremental unsecured revolving credit facility of up to \$450 million upon the closing of the Acquisition. As described below in Note 6, at the closing of the Acquisition, we expect to borrow \$270 million under the Revolving Credit Facility in order to repay \$270 million under the Peoples's revolving credit facility that is expected to be assumed at the closing of the Acquisition and terminated).

(4) In connection with the Acquisition and the Financing Transactions, we expect to redeem approximately \$314 million in aggregate principal amount of our PPNs, of which \$150.9 million in aggregate principal amount is indebtedness of our subsidiaries, prior to the closing of the Acquisition. In connection with the Common Stock Offering and the TEU Offering, we issued notices of redemption with respect to our PPNs as part of the Company Debt Refinancing. Redemption of our PPNs is expected to occur on May 18, 2019. This prospectus supplement is not an offer or a solicitation of an offer to buy or sell any of our PPNs.

(5) The pro forma amount of \$900 million represents the assumed aggregate principal amount of this offering (including the portion we intend to use for general corporate purposes, including working capital and capital needs or repayment of borrowings under the Revolving Credit Facility). If we do not consummate the Private Placement, or if this offering is completed for less aggregate net proceeds than anticipated,

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we may issue additional shares of common stock or equity-linked securities or fund any shortfall with additional debt financings, which may include borrowings under the Bridge Facility and/or the Revolving Credit Facility. The terms of the notes will include a special mandatory redemption provision requiring us to redeem the notes if the Acquisition is not consummated by a specified date.

The pro forma amount reflects approximately \$1,329 million aggregate principal amount of Peoples's existing indebtedness expected to be assumed in connection with the Acquisition as of December 31, 2018. We expect the amount of such assumed debt will be \$1,370 million as of the closing of the Acquisition. Of the \$1,370 million of (6) expected assumed Peoples's indebtedness at closing, \$270 million is expected to be borrowings under the Peoples's revolving credit facility which is expected to be repaid at the closing of the Acquisition with borrowings under the Revolving Credit Facility and terminated.

Each TEU includes a TEU amortizing note, as described in "Summary Information—Recent Developments—Financing (7) Transactions—TEU Offering." Approximately 17.3% of the stated amount of the TEUs, \$119.1 million, is represented by the TEU amortizing notes.

Under certain conditions, if the Acquisition does not occur, we may elect to redeem all, but not less than all, of the outstanding TEU purchase contracts in accordance with the terms thereof, in which case holders of TEUs would have the right to require us to repurchase their outstanding TEU amortizing notes at the relevant repurchase price. See "Summary Information—Recent Developments—Financing Transactions—TEU Offering." We would not have the option to redeem the TEU amortizing notes.

As further adjusted and pro forma share numbers and amounts (\$18.7 million with respect to "Common stock" and (8) \$1,244.6 million with respect to "Capital in excess of par value") with respect to the Common Stock Offering reflect related underwriting discounts and estimated offering expenses, and include shares and amounts in respect of the underwriters exercise in full of their option to purchase additional shares.

The pro forma share number and amount also reflects the expected issuance of 21,661,095 shares in the Private Placement at an offering price of \$34.62 per share (an incremental \$10.8 million with respect to "Common stock" and an incremental \$717.6 million with respect to "Capital in excess of par value") and reflects placement agent fees and other issuance costs. In addition to other closing conditions, the completion of the Private Placement is conditioned upon the consummation of the Acquisition.

If and to the extent that the Private Placement is not completed, or if the aggregate net proceeds from this offering is less than anticipated, we currently intend to issue additional shares of common stock or equity-linked securities or fund any shortfall with additional debt financings, which may include borrowings under the Bridge Facility and/or the Revolving Credit Facility.

Share numbers and amounts do not reflect shares of our common stock issuable upon settlement of the TEU purchase contracts, shares of our common stock reserved for issuance upon exercise of stock options outstanding, shares of our common stock reserved for issuance upon vesting of our time based restricted stock units (including reinvested dividends), shares of our common stock reserved for issuance upon the vesting of our performance based restricted stock units or performance share units or additional shares we may issue under our dividend reinvestment program, employee stock purchase plan or 401(k) savings plans.

Each TEU includes a TEU purchase contract. We will account for the TEU purchase contracts as equity and will record the initial fair value of the TEU purchase contracts, net of the assumed related underwriting discounts and estimated offering expenses allocated to the TEU purchase contracts, as capital in excess of par value, \$557.5 (9) million, which amount includes net proceeds from the TEUs sold upon the underwriters exercise in full of their option to purchase additional TEUs. The exact amount we record as capital in excess of par value will not be determined until our determination of the final offering expenses related thereto. See note (7) above.

Under certain conditions, if the Acquisition does not occur, we may elect to redeem all, but not less than all, of the outstanding TEU purchase contracts in accordance with the terms thereof. We will pay a redemption amount to be determined based on our common stock price at the time in cash and/or shares of our common stock in accordance with the terms of the TEU purchase contract. If we elect to redeem the TEU purchase contracts, holders of TEUs would have the right to require us to repurchase their outstanding TEU amortizing notes at the relevant repurchase price. See "Summary

Information—Recent Developments—Financing Transactions—TEU Offering.”

⁽¹⁰⁾ The pro forma amount, a reduction of \$44.1 million, reflects the payment of additional Acquisition-related expenses and the write-off of unamortized debt issuance costs.

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DESCRIPTION OF THE NOTES

The 2029 notes and the 2049 notes will each be a series of our senior debt securities issued under an indenture, dated as of April 23, 2019 (as amended and supplemented to date, the “base indenture”) between Aqua America, as issuer, and U.S. Bank N.A., as trustee (the “trustee”), and a related supplemental indenture, between Aqua America, as issuer, and the trustee, to be dated the date of first issuance of the notes (collectively referred to herein as the “indenture”). In this section and under the caption “Description of Debt Securities” in the accompanying prospectus, references to “Aqua America,” the “Company,” “we,” “us” and “our” mean Aqua America, Inc. excluding its subsidiaries and affiliates, unless otherwise expressly stated or the context otherwise requires.

The summary of selected provisions of the notes and the indenture appearing below supplements, and to the extent inconsistent, supersedes and replaces, the description of the general terms and provisions of the senior debt securities and the indenture contained in the accompanying prospectus. This summary is not complete and is qualified by reference to provisions of the notes and the indenture. Forms of the notes and the indenture have been or will be filed with the SEC as an exhibit to a current report on Form 8-K in connection with this offering, and you may obtain copies as described under “Where You Can Find Additional Information; Incorporation of Certain Documents by Reference” in this prospectus supplement.

Interest Rate and Maturity

The 2029 notes will bear interest at the rate of _____ % per year and the 2049 notes will bear interest at the rate of _____ % per year, in each case computed on the basis of a 360-day year of twelve 30-day months. Interest on the notes of each series will accrue from _____, 2019 and will be payable semi-annually in arrears on and _____ of each year, beginning on _____, 2019, to the holders of record at the close of business on the immediately preceding _____ and _____, respectively.

The 2029 notes will mature on _____, 2029 and the 2049 notes will mature on _____, 2049.

If any interest payment date, redemption date (including, without limitation, the Special Mandatory Redemption Date, if any) or the maturity date of the notes of a series is not a business day at any place of payment, then payment of the principal, premium, if any, and interest may be made on the next business day at that place of payment. In that case, no interest will accrue on the amount payable on the notes of such series for the period from and after the applicable interest payment date, redemption date or maturity date, as the case may be, to the date of such payment on the next business day.

Ranking

The notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured senior indebtedness and guarantees and will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries, including, upon consummation of the Acquisition, indebtedness and other liabilities of LDC and its subsidiaries that we assume in connection with the Acquisition. The notes will rank senior to all of our existing and future indebtedness, if any, that is subordinated to the notes. The notes will be effectively subordinated to any of our secured indebtedness (to the extent of the collateral securing that indebtedness).

The notes are our obligations exclusively, and are not the obligations of any of our subsidiaries. We conduct our operations primarily through our subsidiaries and substantially all of our consolidated assets are held by our subsidiaries and, therefore, we depend on the cash flow of our subsidiaries to meet our obligations, including our obligations under the notes. Many of our subsidiaries are limited in their ability to pay dividends or make loans or distributions to us, including, without limitation, as a result of legislation, regulation, court order, contractual restrictions and other restrictions or in times of financial distress. Likewise, certain of LDC and its subsidiaries face

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similar restrictions that, if the Acquisition is consummated, will limit their ability to pay dividends or make loans or distributions to us. As a result, we may not be able to cause such subsidiaries and other entities to distribute funds or provide loans sufficient to enable us to meet our debt and other obligations, including obligations under the notes. See “Risk Factors—Risks Related to the Notes—Aqua America’s ability to meet its debt obligations largely depends on the performance of its subsidiaries and the ability to utilize the cash flows from those subsidiaries.”

At December 31, 2018, on a pro forma basis after giving effect to the Transactions, (i) our subsidiaries (including LDC and its subsidiaries) would have had a total of approximately \$5,856 million of outstanding liabilities, including indebtedness, owed to non-affiliated third parties and (ii) we would have had approximately \$1,828 million of indebtedness outstanding, of which none would have been secured indebtedness.

Optional Redemption

Prior to the Applicable Par Call Date, the notes of a series will be redeemable, in whole or in part, at any time or from time to time, at our option pursuant to the procedures set forth under “—Optional Redemption Procedures,” at a redemption price, plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date, equal to

the greater of:

- 100% of the aggregate principal amount of such notes being redeemed on that redemption date; and

- the sum of the present values of the remaining scheduled payments of principal and interest on such notes being redeemed that would be due if the series of such notes to be redeemed matured on the Applicable Par Call Date (not including any portion of such payments of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus the Applicable Spread for the series of such notes to be redeemed.

On and after the Applicable Par Call Date, the notes of a series will be redeemable, in whole or in part, at any time and from time to time, at our option at a redemption price equal to 100% of the aggregate principal amount of the notes being redeemed, plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date.

If we redeem notes of a series at our option, then (a) notwithstanding the foregoing, installments of interest on the notes of such series that are due and payable on any interest payment date falling on or prior to a redemption date for the notes of such series will be payable on that interest payment date to the registered holders thereof as of the close of business on the relevant record date according to the terms of the notes of such series and the indenture and (b) the redemption price will, if applicable, be calculated on the basis of a 360-day year consisting of twelve 30-day months.

“*Applicable Par Call Date*” means (i) with respect to the 2029 notes, (three months prior to the maturity date of such notes) and (ii) with respect to the 2049 notes, (six months prior to the maturity date of such notes).

“*Applicable Spread*” means (i) with respect to the 2029 notes, basis points and (ii) with respect to the 2049 notes, basis points.

“*Comparable Treasury Issue*” means, with respect to each series of notes offered hereby, the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of such series of notes to be redeemed (assuming that such series of notes matured on the Applicable Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to such remaining term.

“*Comparable Treasury Price*” means, with respect to any redemption date for a series of notes to be redeemed, (A) if the Independent Investment Banker obtains four or more applicable Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations after excluding the highest and lowest of such applicable Reference Treasury Dealer Quotations or (B) if the Independent Investment Banker obtains fewer than four applicable Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

“*Independent Investment Banker*” means, with respect to each series of notes offered hereby, one of the Reference Treasury Dealers appointed by us to act as the “Independent Investment Banker.”

“*Reference Treasury Dealers*” mean, with respect to each series of notes offered hereby, (A) RBC Capital Markets, LLC and Goldman Sachs & Co. LLC (or their respective affiliates which are Primary Treasury Dealers (as defined below)), and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”), we will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by us.

“*Reference Treasury Dealer Quotation*” means, with respect to each Reference Treasury Dealer and any redemption date for a series of notes to be redeemed, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue for such series of notes to be redeemed on such redemption date (expressed in each case as a percentage of its aggregate principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding such redemption date. As used in the preceding sentence, “business day” means any day (other than a Saturday or Sunday) on which banking institutions in The City of New York are not authorized or obligated by law or executive order to remain closed.

“*Treasury Rate*” means, with respect to any redemption date applicable to a series of notes, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue for such series of the notes to be redeemed on such redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its aggregate principal amount) equal to the applicable Comparable Treasury Price for such redemption date.

Optional Redemption Procedures

The following procedures will apply if we redeem the notes of a series, in whole or in part, at our option.

Notice of redemption will be transmitted by us (or, at our request, by the trustee on our behalf) at least 10 days but not more than 60 days before the redemption date to each registered holder of the notes of the particular series to be redeemed in whole or in part. Such notice of redemption shall specify the aggregate principal amount of notes to be

redeemed, the CUSIP and ISIN numbers of the notes to be redeemed, the date fixed for redemption, the redemption price (or if not then ascertainable, the manner of calculation thereof), any conditions applicable to a redemption, the place or places of payment and that payment will be made upon presentation and surrender of such notes. Once notice of redemption is sent to holders, notes called for redemption will, subject to satisfaction of any condition set forth in such notice, become due and payable on the redemption date at the redemption price for such series, plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date. On or before 12:00 p.m. (New York City time) on the redemption date, we will deposit with the trustee or with one or more paying agents (or, if the Company is acting as its own paying agent pursuant to the base indenture, will segregate and hold in trust) an amount of U.S. dollars sufficient to redeem on the redemption date all of such notes so called for redemption and that become so due and payable at the appropriate redemption price for such notes, together with accrued and unpaid interest thereon, if any, to, but excluding, the redemption date. Unless we default in payment of the redemption price for such notes or in the payment of accrued and unpaid interest thereon, if any, to, but excluding, the redemption date, commencing on the redemption date interest on notes of

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a series called for redemption and that become so due and payable will cease to accrue and holders of such notes will have no rights with respect to such notes except the right to receive the redemption price for such notes and any unpaid interest thereon to, but excluding, the redemption date.

If fewer than all of the notes of a particular series are being redeemed, selection of the notes to be redeemed will be made pro rata or by lot by the trustee, or by such other method as the trustee shall deem fair and appropriate; provided that if all of the notes of such series are represented by one or more global securities, interests in the notes of such series to be redeemed will be selected for redemption by The Depository Trust Company (“DTC”) in accordance with its standard procedures therefor. Upon surrender of any note redeemed in part, the holder will receive a new note equal in principal amount to the unredeemed portion of the surrendered note. No notes of a principal amount of \$2,000 or less shall be redeemed in part.

In addition, we may at any time purchase notes by tender, in the open market or by private agreement, subject to applicable law.

Any redemption may, in our discretion, be subject to the satisfaction of one or more conditions precedent. If a redemption is subject to the satisfaction of one or more conditions precedent, we may delay the redemption date until such time as any or all such conditions shall be satisfied, and any related redemption notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Special Mandatory Redemption

If (i) the Acquisition (as defined below) has not been consummated on or prior to April 22, 2020 (the “Special Mandatory Redemption Outside Date”), (ii) on or prior to the Special Mandatory Redemption Outside Date and prior to the consummation of the Acquisition, the Acquisition Agreement (as defined below) is terminated or (iii) prior to the consummation of the Acquisition we otherwise publicly announce that the Acquisition will not be consummated (each, a “Special Mandatory Redemption Event”), then we will be required to redeem each series of outstanding notes on the Special Mandatory Redemption Date (as defined below) at a special mandatory redemption price equal to 101% of the aggregate principal amount of the outstanding notes of such series (the “special mandatory redemption price”), plus accrued and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date (the “Special Mandatory Redemption”).

This offering is not conditioned upon the consummation of the Acquisition.

The “Special Mandatory Redemption Date” means the 20th day (or if such day is not a business day, the first business day thereafter) after the occurrence of a Special Mandatory Redemption Event.

Notwithstanding the foregoing, installments of interest on the notes of a series that are due and payable on any interest payment dates falling on or prior to the Special Mandatory Redemption Date will be payable on such interest payment dates to the registered holders thereof as of the close of business on the relevant record dates in accordance with the terms of the notes of such series and the indenture.

We will cause the notice of special mandatory redemption to be transmitted, with a copy to the trustee, within five business days after the occurrence of a Special Mandatory Redemption Event, to each registered holder of notes at its registered address. Such notice shall state, in addition to the other matters required by the indenture, that a Special Mandatory Redemption Event has occurred (and shall describe generally the nature of such event) and that all of the outstanding notes will be redeemed on the Special Mandatory Redemption Date set forth in such notice. Once notice of Special Mandatory Redemption is sent to holders, the notes of each series will become due and payable on the Special Mandatory Redemption Date at the special mandatory redemption price for such series, plus accrued and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date, and will be paid upon surrender thereof for redemption. Unless we default in payment of

the special mandatory redemption price for a particular series of notes or in the payment of accrued and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date, commencing on the Special Mandatory Redemption Date interest will cease to accrue on the notes of such series and holders of such notes will have no rights with respect to such notes except the right to receive the special mandatory redemption price for such notes and unpaid interest thereon, if any, to, but excluding, the Special Mandatory Redemption Date.

The proceeds from this offering will not be deposited into an escrow account pending completion of the Acquisition or any Special Mandatory Redemption Event, nor will we be required to grant any security interest or other lien on those proceeds to secure any redemption of the notes. Any failure to pay the special mandatory redemption price of the notes of a series on the Special Mandatory Redemption Date would constitute an event of default under the indenture with respect to the notes of such series.

Solely for purposes of the foregoing Special Mandatory Redemption provisions, the following terms have the meaning set forth below:

“*Acquisition*” means our acquisition of all of the issued and outstanding limited liability company membership interests of LDC, the parent of a group of natural gas companies, in accordance with the Acquisition Agreement.

“*Acquisition Agreement*” means the Purchase Agreement dated October 22, 2018, by and between LDC Parent LLC, a Delaware limited liability company and an indirect owner of 100% of the outstanding limited liability company interests of LDC, as the same may be amended or supplemented from time to time.

“LDC” means LDC Funding LLC, a Delaware limited liability company.

Upon the occurrence of the closing of the Acquisition, the foregoing provisions regarding the Special Mandatory Redemption will cease to apply.

Additional Notes

We may from time to time, without the consent of the holders of the notes, create and issue additional notes ranking equally with a particular series of notes offered hereby in all respects so that such additional notes shall form a single series with such notes and shall have the same terms as such notes, except for the public offering price, the issue date and, if applicable, the payment of interest accruing prior to the issue date of such additional notes and the first payment of interest following the issue date of such additional notes; provided that if the additional notes are not

fungible with the outstanding notes of the applicable series for U.S. federal income tax purposes, the additional notes will have one or more separate CUSIP numbers. No additional notes of a series may be issued if an event of default has occurred and is continuing with respect to such series of notes. In addition to the notes, we may issue other series of debt securities under the indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the indenture.

Discharge and Defeasance of Indenture

The defeasance provisions described in the accompanying prospectus under “Description of Debt Securities—Defeasance” will be applicable to the notes; provided that the coin or currency unit to be deposited with the trustee under such provisions shall be U.S. dollars.

Consolidation, Merger and Conveyance of Assets as an Entirety

The indenture will provide that the Company will not consolidate or merge with or into any other entity, or sell, transfer, lease or otherwise convey its properties and assets as an entirety or substantially as an entirety to any entity, unless:

- (i) it is the continuing entity (in the case of a merger), or (ii) the successor entity formed by such consolidation or into which it is merged or which acquires by sale, transfer, lease or other conveyance of its properties and assets, as an entirety or substantially as an entirety, is a corporation organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, and expressly assumes, by supplemental indenture, the due and punctual payment of the principal, premium and interest on the notes and the performance of all of the covenants under the indenture; and
- (a)
- (b) immediately after giving effect to the transaction, no event of default, and no event which after notice or lapse of time or both would become an event of default under the indenture, has or will have occurred and be continuing.

Although there is a limited body of case law interpreting the phrase “substantially as an entirety,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of our properties and assets “substantially as an entirety.” As a result, it may be unclear as to whether the foregoing restrictions on mergers, consolidations, sales, conveyances, transfers, leases and other dispositions would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction.

Events of Default

Each of the following will be an “event of default” under the indenture with respect to the notes of each series:

- (a) our failure to pay for 30 days required interest on any notes of such series;
- (b) our failure to pay principal or premium, if any, on any notes of such series when due (including, without limitation, on any Special Mandatory Redemption Date);
- (c) our failure to perform for 90 days after notice any other covenant in the indenture (other than a covenant included in the indenture solely for the benefit of a series of debt securities other than such series of notes); and
- (d) certain events of bankruptcy or insolvency of Aqua America, whether voluntary or not.

Modifications and Amendments

We and the trustee may amend or supplement the indenture or the notes without consent of the holders to:

- cure any ambiguity, omission, defect or inconsistency in the indenture;
- provide for the assumption by a successor corporation as set forth in “-Consolidation, Merger and Conveyance of Assets as an Entirety”;
- comply with any requirements of the SEC in connection with the qualification of the indenture under the Trust Indenture Act of 1939;
- evidence and provide for the acceptance of appointment with respect to the notes by a successor trustee in accordance with the indenture, and add or change any of the provisions of the indenture as shall be necessary to provide for or facilitate the administration of the trusts under the indenture by more than one trustee;