



Letter to Shareholders: March 2017

Dear Shareholder,

We are pleased to announce another year of strong performance for Aqua America. 2016 marked our 130th year of operations, during which we continued to capitalize on our core capabilities: growing our customer base through acquisitions; prudently investing to renew our essential infrastructure and earning an allowed return on those investments; and operating the company at optimal efficiency.

Aqua America invested more than \$22 million in 2016 to acquire 19 water and wastewater systems, which added nearly 6,600 new customers to our operating footprint. Coupled with organic growth, we increased our customer base by 1.6 percent, representing 15,300 new customer connections. While we are pleased with our 2016 growth efforts, we anticipate acquiring larger systems going forward. There are currently agreements in place to acquire the assets of four municipal systems in 2017. Collectively, these agreements are valued at more than \$100 million. The company expects customer growth to be in the range of 1.5 – 2 percent for 2017.

In addition to our investments in newly acquired assets, Aqua invested \$383 million to rehabilitate essential infrastructure, demonstrating our ongoing commitment to improving the quality of life for our customers. We expect to invest more than \$450 million in 2017 and more than \$1.2 billion between 2017 and 2019.

Once again we fulfilled our commitment to deliver long-term, sustainable growth and an attractive dividend to our shareholders. On February 2, 2017, Aqua America's Board of Directors approved a quarterly cash dividend of \$0.1913 per share of common stock, which is payable on March 1, 2017, to shareholders of record on February 15, 2017. This marks the 72nd year Aqua has paid consecutive quarterly dividends.

Our successful efforts to execute on our core capabilities is directly attributable to the team of 1,600 dedicated professionals—our employees—who make our customers the center of everything we do and understand how critical their roles are to our mission to protect and provide life's most essential resource.

We continually review our methods of communicating with our shareholders in an effort to ensure the efficiency and timeliness of our communication. As a result, we may change the frequency and media for providing you with relevant company information, similar to that provided here. Please know that the most current information on Aqua can be found in the investor relations section of AquaAmerica.com, where you can also subscribe to email alerts for updates. We appreciate your continued confidence.

Sincerely,

Handwritten signature of Christopher H. Franklin in black ink.

Christopher H. Franklin
President and
Chief Executive Officer

Handwritten signature of Nicholas DeBenedictis in black ink.

Nicholas DeBenedictis
Chairman

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others: the continuation of the company's growth-through-acquisition program and its expected customer growth rate in 2017; the company's expectation that it will acquire larger systems in the future; and, the company's expected capital investments from 2017 through 2019. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: the company's continued ability to adapt itself for the future and build value by fully optimizing company assets; general economic business conditions; the company's ability to fund needed infrastructure; housing and customer growth trends; unfavorable weather conditions; changes in regulations or regulatory treatment; availability and access to capital; the cost of capital; disruptions in the credit markets; the success of growth initiatives; municipalities willingness to privatize its water and/or wastewater utilities; and other factors discussed in our Annual Report on Form 10-K, which is filed annually with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with Aqua America's business, please refer to Aqua America's annual, quarterly and other SEC filings. Aqua America is not under any obligation - and expressly disclaims any such obligation - to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.