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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

January 31, 2010

Aqua America, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania

001-06659

23-1702594

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

762 West Lancaster Avenue, Bryn Mawr,
Pennsylvania

19010-3489

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

610-527-8000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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[Top of the Form](#)

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 31, 2010, Aqua America, Inc. (the "Company") and Nicholas DeBenedictis, the Company's President and Chief Executive Officer, entered into an Employment Agreement (the "Employment Agreement"), under which Mr. DeBenedictis has agreed to continue in employment for an additional three years. The term of the Employment Agreement continues through January 31, 2013. After the end of the term, the Company and Mr. DeBenedictis may mutually agree to renew the term. Under the Employment Agreement, Mr. DeBenedictis will continue as the Company's CEO beyond his normal retirement date in September 2010 and thereby provide continuity of leadership for the Company.

Pursuant to the Employment Agreement, Mr. DeBenedictis will continue to serve as the President and Chief Executive Officer of the Company and will be entitled to an annual base salary of not less than \$560,000 and a target annual incentive bonus of not less than his current level of 70% of base salary. Mr. DeBenedictis will continue to be eligible to participate in the Company's incentive compensation programs and in the Company's benefit plans.

Pursuant to the Employment Agreement, on January 31, 2010, the Company granted Mr. DeBenedictis a performance-based stock award (the "Stock Award") under the Omnibus Equity Compensation Plan with respect to 57,000 shares of common stock of the Company. The shares will vest over three years based on continued service and subject to the Company's achievement of a year over year increase in operating income for 2010, 2011 or 2012.

If the Company terminates Mr. DeBenedictis' employment without cause or Mr. DeBenedictis terminates employment for good reason, any unvested shares of the Stock Award will fully vest if the Company achieves a year over year increase in operating income for 2010, 2011 or 2012. If Mr. DeBenedictis dies, his employment is terminated on account of disability or a change in control of the Company occurs, any unvested shares of the Stock Award will fully vest. If Mr. DeBenedictis' employment is terminated for cause or if he voluntarily terminates employment without good reason, any unvested shares of the Stock Award will be forfeited.

No additional severance benefits are provided under the Employment Agreement. Mr. DeBenedictis has a separate severance agreement with the Company, which provides severance benefits under certain circumstances and is not affected by the Employment Agreement. Mr. DeBenedictis continues to be subject to the non-competition covenants set forth in his separate severance agreement.

The Company has amended its Supplemental Pension Benefit Plan for Salaried Employees and its Supplemental Executive Retirement Plan for Nicholas DeBenedictis to provide that in the event of Mr. DeBenedictis' death while in the employ of the Company, the surviving spouse benefit will be equal to the benefit Mr. DeBenedictis would have received if he had retired on the day before his death.

A copy of the Employment Agreement, Stock Award Agreement and Amendments to the Supplemental Plans are attached as Exhibits 10.1, 10.2, 10.3 and 10.4 to this current form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Employment Agreement dated January 31, 2010, between Aqua America, Inc. and Nicholas DeBenedictis

10.2 Restricted Stock Grant Agreement dated January 31, 2010

10.3 Second Amendment to Aqua America, Inc. Supplemental Pension Benefit Plan for Salaried Employees

10.4 Second Amendment to Aqua America, Inc. Supplemental Executive Retirement Plan for Nicholas DeBenedictis

[Top of the Form](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

February 4, 2010

Aqua America, Inc.

By: Roy H. Stahl

*Name: Roy H. Stahl
Title: Chief Administrative Officer, General Counsel and
Corporate Secretary*

Exhibit Index

Exhibit No.	Description
10.1	Employment Agreement dated January 31, 2010, between Aqua America, Inc. and Nicholas DeBenedictis
10.2	Restricted Stock Grant Agreement dated January 31, 2010
10.3	Second Amendment to Aqua America, Inc. Supplemental Pension Benefit Plan for Salaried Employees
10.4	Second Amendment to Aqua America, Inc. Supplemental Executive Retirement Plan for Nicholas DeBenedictis

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between **NICHOLAS DEBENEDICTIS**, a resident of the Commonwealth of Pennsylvania ("Executive"), and **AQUA AMERICA, INC.**, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania ("Company") as of this 31st day of January, 2010 (the "Commencement Date").

WHEREAS, the Board of Directors of Company ("Board of Directors") wishes to have the Company continue to retain Executive to serve as President and Chief Executive Officer of Company on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, and intending to be legally bound, the parties, subject to the terms and conditions set forth herein, agree as follows:

1. **Employment and Term.** Executive hereby agrees to continue his service as President and Chief Executive Officer of Company from the Commencement Date hereof through January 31, 2013 (the "Initial Term"), and Company hereby agrees to retain Executive as President and Chief Executive Officer through the Initial Term. By executing this Agreement the Company confirms that the Board of Directors has approved this Agreement. The parties may mutually agree in writing to renew the term of employment under this Agreement for successive one-year or partial year periods at the end of the Initial Term or any renewal term. This Agreement shall terminate at the end of the Initial Term or, in the event of renewal, at the end of the extended term, unless terminated earlier as provided in this Agreement. The Initial Term and, if the period of employment is extended, such successive periods of employment, subject to earlier termination of employment as provided in this Agreement, are collectively referred to herein as the "Term."

2. **Duties.** During the Term, Executive will have the title of President and Chief Executive Officer of Company. Executive shall report exclusively to and receive instructions from Company's Board of Directors and shall have such duties and responsibilities customary for the positions of president and chief executive officer of public companies similarly situated. Without limitation, Executive shall have full authority and discretion relating to the general and day-to-day management of the affairs of the Company, including, but not limited to, finances and other financial matters, compensation matters (other than with respect to the compensation of Executive, himself, and the other executive officers of the Company, and other than long-term compensation of employees, which shall be determined by the Executive Compensation Committee of the Board of Directors), personnel matters (other than such matters that relate to Executive himself), operating and capital budgeting, operations, intellectual property, investor relations, retention of professionals and strategic planning and implementation. Executive will be the most senior executive officer of the Company and all other executives and businesses of the Company will report to Executive or his designee. The foregoing language shall not be construed so as to limit the duties and responsibilities of the Board of Directors as described in the Company's Articles of Incorporation and Bylaws.

3. **Other Business Activities.** Executive shall serve the Company faithfully and shall devote his reasonable best efforts and substantially all of his business time, attention, skill and efforts to the performance of the duties required by or appropriate for his position as President and Chief Executive Officer. In furtherance of the foregoing, and not by way of limitation, for so long as Executive remains President and Chief Executive Officer of Company, Executive shall not directly or indirectly engage in any other business or charitable activities or pursuits, except for those arising from positions held as of the date hereof as set forth on Appendix A or such other activities as would not materially interfere with Executive's ability to carry out his duties under this Agreement and are identified by Executive to the Board of Directors as described in the following sentence. Notwithstanding the foregoing, Executive shall be permitted to engage in activities in connection with (i) service as a volunteer, officer or director or in a similar capacity of any charitable or civic organization, (ii) managing personal investments, (iii) serving as a director, executor, trustee or in another similar fiduciary capacity for a non-commercial entity or (iv) serving as a director of a business organization; provided, however, that Executive has disclosed his intention to engage in such activities to the Board of Directors and the Board of Directors concludes that such activities do not materially interfere with Executive's performance of his responsibilities and obligations pursuant to this Agreement.

4. **Base Salary.** The Company shall pay Executive a salary at the annual rate of five hundred sixty thousand dollars (\$560,000) (the "Base Salary") effective as of the effective date of this Agreement, payable pursuant to the Company's normal practice, but no less frequently than monthly. The Base Salary shall be inclusive of all applicable income, Social Security and other taxes and charges which are required by law or requested to be withheld by Executive and which shall be withheld and paid in accordance with Company's normal payroll practice for its similarly-situated executives as in effect from time to time. The Executive Compensation Committee of the Board of Directors, in consultation with Executive, shall periodically review Executive's Base Salary during the Term at least annually for increases based on Executive's performance and other relevant factors.

5. **Annual Incentive Compensation.** Executive shall participate in incentive compensation programs which will enable Executive to earn bonus compensation in accordance with performance criteria developed and evaluated by the Executive

Compensation Committee of the Board of Directors in consultation with Executive. Executive's target annual bonus shall be at least 70% of his Base Salary.

6. **Annual Equity Incentives.** Executive shall be granted annual, equity-based long term incentive compensation at the discretion of the Executive Compensation Committee of the Board of Directors under the Company's 2009 Omnibus Equity Compensation Plan (the "Omnibus Plan"), consistent with existing compensation practices.

7. **Other Benefits.** Nothing in this Agreement shall affect Executive's participation in Company benefit plans in which he is participating as of the Commencement Date, and the level of those benefits shall continue to be at least as favorable as those provided to senior management generally.

8. **2010 Performance-Based Stock Award; Termination of Employment**

(a) In addition to the foregoing, as an inducement for Executive to continue in employment with the Company and devote significant effort to increase shareholder value, Executive shall be granted fifty seven thousand (57,000) shares of common stock of the Company in the form of a performance-based stock award (the "Stock Award") under the Omnibus Plan, effective as of the Commencement Date. The shares shall be earned based on achievement of Company performance goals based on increases in operating income for 2010, 2011 or 2012 (the "Performance Goals"). The Executive Compensation Committee of the Board of Directors shall certify attainment of the Performance Goals within 60 days after the end of the calendar year for which the Performance Goals are met (the "Certification Date"). If the Performance Goals are met for 2010, one-third (1/3rd) of the shares shall become vested on the 2011 Certification Date, and one-third (1/3rd) of the shares shall become vested on each of January 31, 2012 and January 31, 2013, respectively, subject to continued employment through the applicable vesting date. If the Performance Goals are not met for 2010 but are met for 2011, one-half (1/2) of the shares shall become vested on the 2012 Certification Date and one-half (1/2) of the shares shall become vested on January 31, 2013, subject to continued employment through the applicable vesting date. If the Performance Goals are not met for 2010 and 2011 but are met for 2012, all of the shares shall become vested on the 2013 Certification Date, subject to continued employment through January 31, 2013.

(b) If the Company terminates Executive's employment without Cause or Executive terminates employment for Good Reason, any unvested shares of the Stock Award shall become fully vested if the Performance Goals are met for any of the calendar years 2010, 2011 or 2012. If Executive dies while employed by the Company, or Executive's employment is terminated on account of Disability, any unvested shares of the Stock Award shall become vested in full upon Executive's death or termination of employment on account of Disability. If Executive's employment is terminated for Cause or if Executive voluntarily terminates employment without Good Reason, any unvested shares of the Stock Award will be forfeited.

(c) If the Company or Executive terminates Executive's employment and this Agreement for any reason (including without limitation death or Disability), Executive (or his estate in the event of his death) shall receive any accrued but unpaid salary and accrued vacation under this Agreement, any applicable vesting of the Stock Award under this Section 8, any benefits that may be payable under the Change in Control and Severance Agreement as amended and restated as of December 31, 2008 between Executive and the Company (the "Change in Control and Severance Agreement") and any vested benefits under Company benefit plans.

9. **Defined Terms.** For purposes of this Agreement:

(a) The term "Cause" shall mean Executive's willful failure to perform or observe any of his employment duties or to comply with the lawful directives of the Board after notice and reasonable opportunity to cure said failure; dishonesty; or conviction of a crime involving moral turpitude.

(b) The term "Disability" shall mean Executive's mental or physical incapacity that entitles Executive to long-term disability benefits under the Company's long-term disability plan applicable to Executive.

(c) The term "Good Reason" shall mean a termination of employment initiated by Executive upon one or more of the following occurrences after the Commencement Date:

(i) any failure of the Company or its successor to comply with and satisfy any of the terms of this Agreement;

(ii) any significant involuntary reduction of the authority, duties, responsibilities or reporting relationships held by Executive;

(iii) any involuntary removal of Executive from the employment grade, compensation level or officer positions which Executive holds with the Company, except in connection with promotions to higher office;

(iv) any involuntary reduction in Executive's target level of annual and long-term compensation;

(v) any transfer of Executive, without his express consent, to a location that is outside the Bryn Mawr, Pennsylvania area by more than 50 miles, other than on a temporary basis (less than six months); or

(vi) Executive being required to undertake business travel to an extent substantially greater than Executive's then existing business travel obligations.

The Executive must provide written notice of termination for Good Reason to the Company within 60 days after the event constituting Good Reason. The Company shall have a period of 30 days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in the Executive's notice of termination. If the Company does not correct the act or failure to act, the Executive must terminate his or her employment for Good Reason within 30 days after the end of the cure period, in order for the termination to be considered a Good Reason termination.

10. **Agreement Not to Compete.**

(a) Executive agrees that on and after the Commencement Date, for a period of 12 months after termination of his employment under this Agreement, the Executive agrees that he will not, unless acting pursuant with the prior written consent of the Board of Directors, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with or use or permit his name to be used in connection with, any business or enterprise engaged in a geographic area within 25 miles of any location from which the Company or any of its subsidiaries is operating on the date of such termination (the "Geographic Area"), in any business that is competitive to a business from which the Company and any of its subsidiaries, taken as a whole, derived at least ten percent of its respective annual gross revenues for the twelve (12) months preceding the date of termination. It is recognized by the Executive that the business of the Company and its subsidiaries and the Executive's connection therewith is or will be involved in activity throughout the Geographic Area, and that more limited geographical limitations on this non-competition covenant are therefore not appropriate. The foregoing restriction shall not be construed to prohibit the ownership by the Executive of less than one percent of any class of securities of any corporation which is engaged in any of the foregoing businesses having a class of securities registered pursuant to the Securities Exchange Act of 1934, provided that such ownership represents a passive investment and that neither the Executive nor any group of persons including the Executive in any way, either directly or indirectly, manages or exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part in its business, other than exercising his rights as a shareholder, or seeks to do any of the foregoing.

(b) The Executive acknowledges that the restrictions contained in paragraph (a) are reasonable and necessary to protect the legitimate interests of the Company and its subsidiaries and affiliates, and that any violation of those provisions will result in irreparable injury to the Company. The Executive represents that his experience and capabilities are such that the restrictions contained in paragraph (a) will not prevent the Executive from obtaining employment or otherwise earning a living at the same general level of economic benefit as is the case as of the date hereof. The Executive agrees that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, which right shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled. In the event that any of the provisions of paragraph (a) should ever be adjudicated to exceed the time, geographic, service, or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, service, or other limitations permitted by applicable law.

11. **Other Agreements.** Executive represents and warrants to Company that:

(a) Executive has informed the Company in writing of any restrictions, agreements or understandings whatsoever to which Executive is a party or by which he is bound that could prevent or make unlawful Executive's execution of this Agreement or Executive's employment hereunder, or which could be inconsistent or in conflict with this Agreement or Executive's employment hereunder, or could prevent, limit or impair in any way the performance by Executive of his obligations hereunder.

(b) Executive shall disclose the existence and terms of the restrictive covenants set forth in Section 10 to any employer by whom Executive may be employed during the Term (which employment is not hereby authorized) or any period during which his activities are restricted by virtue of the covenants described in Section 10 hereof.

12. **Survival of Provisions.** The provisions of this Agreement shall survive the termination of Executive's employment hereunder and the payment of all amounts payable and delivery of all post-termination compensation and benefits pursuant to this Agreement incident to any such termination of employment.

13. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon Company and its successors or permitted assigns and Executive and his executors, administrators or heirs. The Company shall require any successor or successors expressly to assume the obligations of Company under this Agreement. For purposes of this Agreement, the term "successor" shall include the ultimate parent corporation of any corporation involved in a merger, consolidation, or reorganization with or including the

Company that results in the stockholders of Company immediately before such merger, consolidation or reorganization owning, directly or indirectly, immediately following such merger, consolidation or reorganization, securities of another corporation. Executive may not assign any obligations or responsibilities under this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of Company.

14. **Notices.** All notices required to be given to any of the parties of this Agreement shall be in writing and shall be deemed to have been sufficiently given, subject to the further provisions of this Section 14, for all purposes when presented personally to such party, or sent by facsimile transmission, any national overnight delivery service, or certified or registered mail, to such party at its address set forth below:

(a) If to Executive:

Nicholas DeBenedictis
231 Golf View Road
Ardmore, PA 19003

(b) If to Company:

Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010-3489
Attn: Chairman, Executive Compensation Committee

Such notice shall be deemed to be received when delivered if delivered personally, upon electronic or other confirmation of receipt if delivered by facsimile transmission, the next business day after the date sent if sent by a national overnight delivery service, or three (3) business days after the date mailed if mailed by certified or registered mail. Any notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

15. **Entire Agreement; Amendments.** This Agreement and any other documents, instruments or other writings delivered or to be delivered in connection with this Agreement as specified herein constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to the terms of Executive's employment by Company (except for the Change in Control and Severance Agreement). This Agreement may be amended or modified only by a written instrument signed by all parties hereto.

16. **Waiver.** The waiver of the breach of any term or provision of this Agreement shall not operate as or be construed to be a waiver of any other or subsequent breach of this Agreement.

17. **Governing Law.** This Agreement shall be governed and construed as to its validity, interpretation and effect by the laws of the Commonwealth of Pennsylvania.

18. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

19. **Section Headings.** The section headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

20. **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

21. **Indemnification.** During the Term and thereafter, the Company agrees to indemnify and hold the Executive harmless in connection with actual, potential or threatened actions or investigations related to Executive's services for or employment by the Company and/or its subsidiaries in the same manner as other officers and directors to the extent provided in the Company's by-laws.

22. **Taxes.** Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and Company shall use its best efforts to satisfy promptly all such requirements.

23. **Section 409A of the Internal Revenue Code.** This Agreement shall be interpreted and administered in accordance with section 409A of the Internal Revenue Code, to the extent applicable. All reimbursements and in-kind benefits provided under this

Agreement shall be made or provided in accordance with the requirements of section 409A.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written above.

Attest:
/s/ Maria Gordiany

AQUA AMERICA, INC.
By: /s/ Roy H. Stahl

By: /s/ Nicholas DeBenedictis
NICHOLAS DEBENEDICTIS

Appendix A

Business and Charitable Activities

Business

1. Board of Directors of Exelon Corporation
2. Board of Directors of P.H. Glatfelter Company
3. Board of Directors of Harleysville Mutual Insurance Company
4. Board of Directors of Independence Blue Cross
5. Advisory Board – PNC Bank of Southeast Pennsylvania
6. Board of Advisors – Pennoni Associates

Charitable/Civic

1. Board of Trustees of Drexel University
2. The Philadelphia Convention and Visitors Bureau
3. The Greater Philadelphia Chamber of Commerce
4. The Greater Philadelphia Tourism and Marketing Board
5. Pennsylvania Business Roundtable
6. National Association of Water Companies

AQUA AMERICA, INC.
2009 OMNIBUS EQUITY COMPENSATION PLAN

RESTRICTED STOCK GRANT AGREEMENT

Date of Grant: January 31, 2010

This Restricted Stock Grant Agreement evidences the grant made by Aqua America, Inc., a Pennsylvania corporation (the "Corporation"), to Nicholas DeBenedictis, a key employee of the Corporation or one of its subsidiaries (the "Grantee"), under the terms and provisions of the Aqua America, Inc. 2009 Omnibus Equity Compensation Plan (the "Plan").

WHEREAS, the Executive Committee of the Board of Directors of the Corporation (the "Board") adopted the Plan, effective as of May 8, 2009, subject to the approval of the shareholders of the Corporation;

WHEREAS, the Plan was approved and ratified at the Corporation's 2009 Annual Meeting of the Shareholders by the vote of the holders of a majority of the Corporation's common stock (the "Common Stock") entitled to vote thereon;

WHEREAS, pursuant to the Plan, the Board has empowered its Executive Compensation Committee (the "Committee") to grant shares of Common Stock subject to certain restrictions (the "Restricted Stock") to eligible persons in accordance with the terms and provisions of the Plan; and

WHEREAS, the Committee has determined that the Grantee is an eligible person as contemplated by the Plan and has determined that it would be in the best interests of the Corporation to grant to the Grantee as of the date of grant specified above (the "Date of Grant") shares of Restricted Stock;

WHEREAS, the Corporation and the Grantee have entered into an Employment Agreement dated January 31, 2010 (the "Employment Agreement"), which provides for this grant of Restricted Stock.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Restricted Stock Grant.

Subject to the terms and conditions hereinafter set forth, the Corporation, with the approval and at the direction of the Committee, hereby grants to the Grantee 57,000 shares of Common Stock (the "Granted Shares"). Subject to the Grantee's signifying acceptance of this grant (in the manner indicated in Section 2 below), the Corporation shall cause a certificate or certificates representing the Granted Shares to be issued to Grantee (the "Initial Share Certificates"), which shall be registered in the name of the Grantee, and which shall bear the following restrictive legend, in addition to such other legends as the Corporation may deem necessary or desirable:

The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Aqua America, Inc. 2009 Omnibus Equity Compensation Plan and an Agreement entered into between the registered owner and Aqua America, Inc. Copies of such Plan and Agreement are on file at the offices of Aqua America, Inc., 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania 19010.

2. Acceptance by Grantee; Escrow Agent.

The Grantee shall signify acceptance of the Granted Shares by delivering to the Secretary of the Corporation, as escrow agent for the Corporation (the "Escrow Agent"): (i) an executed copy of this Agreement and (ii) the number of forms of stock power designated by the Secretary of the Corporation, each signed in blank for completion by the Escrow Agent at the time of any subsequent transfer of any or all of the Granted Shares pursuant to this Agreement. The signature of the Grantee on each such stock power shall be guaranteed in a manner acceptable to the Corporation's transfer agent. Upon receipt from the Grantee of the foregoing items, the Escrow Agent shall notify the proper officers of the Corporation and such officers promptly shall deposit the Initial Share Certificates with the Escrow Agent, to be held in accordance with the terms of this Agreement.

3. Restrictions.

(a) Restriction Period. The restrictions on the sale, encumbrance and transfer of the Granted Shares, or portions of the Granted Shares, as applicable, as described in Section 3(c) below shall lapse on specified dates (each, a "Vesting Date") based on achievement of the performance goals set forth on the attached Exhibit A (the "Performance Goals") and continued service with the Company and its subsidiaries, as follows:

(1) If the Performance Goals are met for calendar year 2010, the restrictions on one-third (1/3) of the Granted Shares shall lapse on the 2011 Certification Date (as defined below), and the restrictions on one-third (1/3) of the Granted Shares shall lapse on each of

January 31, 2012 and January 31, 2013, respectively, subject to the Grantee's continued employment with the Corporation and its subsidiaries through the applicable Vesting Date.

(2) If the Performance Goals are not met for calendar year 2010 but are met for calendar year 2011, the restrictions on one-half (1/2) of the Granted Shares shall lapse on the 2012 Certification Date and the restrictions on the remaining one-half (1/2) of the Granted Shares shall lapse on January 31, 2013, subject to continued employment through the applicable Vesting Date.

(3) If the Performance Goals are not met for calendar year 2010 and calendar year 2011 but are met for calendar year 2012, the restrictions on all of the Granted Shares shall lapse on the 2013 Certification Date, subject to continued employment through January 31, 2013.

(4) The Committee shall certify attainment of the Performance Goals (or determine that the Performance Goals have not been attained, if applicable) within 60 days after the end of the calendar year to which the Performance Goals apply, and the date of such certification is referred to as the "Certification Date" (identified by the year in which the Certification Date occurs). The calendar years 2010, 2011 and 2012 are referred to collectively as the "Performance Period." The period during which any portion of the Granted Shares remains subject to the restrictions of Section 3(c) hereof is referred to in this Agreement and in the Plan as the "Restriction Period" for such portion of the Granted Shares. When calculating the number of Granted Shares for which the restrictions lapse, any fractional shares shall be rounded to the nearest whole share (but not exceeding 100% of the Granted Shares).

(b) Forfeiture of Granted Shares.

(1) Except as provided in Section 3(d)(1) or 3(d)(2), or as otherwise determined by the Committee pursuant to Section 3(d)(4), upon the termination of the Grantee's employment with the Corporation or any of its subsidiaries during the Restriction Period, the Grantee shall forfeit all of the Granted Shares as to which the restrictions under Section 3(c) hereof have not, on or before the effective date of such termination, lapsed pursuant to this Section 3. For purposes of this Agreement, the effective date of termination of the Grantee's employment shall be the first day on which the Grantee is no longer a regular full-time employee of the Corporation or any of its subsidiaries. Upon any forfeiture date, the Grantee hereby authorizes the Escrow Agent to immediately transfer all such forfeited shares to the Corporation.

(2) If the Grantee's employment terminates as described in Section 3(d)(1) and the restrictions on the Granted Shares do not lapse at the date of termination because the Performance Goals have not been met, the Granted Shares shall remain outstanding until the restrictions lapse as described in Section 3(d)(1) or 3(d)(2), as applicable or, if they do not lapse pursuant to Section 3(d)(1) or 3(d)(2), until the 2013 Certification Date. If the Corporation fails to meet the Performance Goals for all of the calendar years in the Performance Period, then the Grantee shall forfeit any outstanding Granted Shares for which the restrictions have not previously lapsed on the 2013 Certification Date.

(c) Restrictions on Transfer; Shares Subject to Forfeiture. At no time during the Restriction Period shall the Grantee sell, assign, transfer, pledge or otherwise dispose of any portion of the Granted Shares as to which the restrictions under this Section 3 have not lapsed, except to a successor as described in the Plan. Any attempt to assign, transfer, pledge or dispose of the Granted Shares contrary to the provisions hereof, and the levy or any execution, attachment or similar process upon the Granted Shares, shall be null and void and without effect.

(d) Lapse of Restrictions.

(1) Notwithstanding the foregoing, if the Corporation terminates the Grantee's employment without Cause (as defined in the Employment Agreement) or the Grantee terminates employment for Good Reason (as defined in the Employment Agreement), all restrictions on outstanding Granted Shares (i) shall lapse immediately if the Performance Goals have been met for a preceding calendar year in the Performance Period or, if not, (ii) shall lapse at the Certification Date for the first year in the Performance Period for which the Performance Goals are met.

(2) Notwithstanding the foregoing, upon (i) the death of the Grantee, (ii) the termination of employment of the Grantee due to Disability (as defined in the Employment Agreement), or (iii) a Change of Control of the Corporation (as defined in the Plan), all restrictions on outstanding Granted Shares that have not, prior to such date, been forfeited shall immediately lapse.

(3) Except with respect to any of the Granted Shares that are forfeited by the Grantee pursuant to Section 3(b) hereof, upon the expiration of the applicable Restriction Period, and satisfaction of the requirements, under Section 3(a) hereof, all restrictions imposed under Section 3(c) of this Agreement shall lapse with respect to the Granted Shares, or the portion of the Granted Shares to which the applicable Restriction Period relates.

(4) Notwithstanding any other provision hereof, the Committee may, as it deems equitable in its sole discretion, accelerate the date on which the restrictions of Section 3(c) hereof shall lapse with respect to any of the Granted Shares which have not previously

been forfeited by the Grantee.

(e) Delivery of Unrestricted Share Certificates. Promptly after the date on which restrictions lapse with respect to the Granted Shares, the Escrow Agent shall (1) cancel the certificate representing such Granted Shares then held by the Escrow Agent in the Grantee's name, and (2) issue and deliver to the Grantee a share certificate in the Grantee's name, which does not bear the restrictive legend recited in Section 1 hereof, but which may bear any other restrictive legend that the Corporation may then deem necessary or desirable, for the number of Granted Shares.

(f) Non-assignability of Rights. No rights of the Grantee under any of Sections 1 through 3 of this Agreement may be assigned or transferred by the Grantee, except, in the event of the death of the Grantee, by will or by the laws of descent or distribution. Any attempt to assign, transfer, pledge or dispose of any Granted Shares which are then subject to the restrictions of Section 3(c) hereof or any rights of the Grantee hereunder shall be contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon such Granted Shares, shall be null and void and without effect.

4. Voting of Shares; Dividends.

Effective as of the date on which the Grantee signifies acceptance of the Granted Shares, as described in Section 2 hereof, the Grantee (and in the event of the Grantee's death, his heirs or successors) shall be entitled to vote all of the Granted Shares and to receive any dividends payable to stockholders of record on and after the date of such acceptance; provided, however that neither the Grantee nor any successors shall have any dividend or voting rights or any other rights whatsoever with respect to any Granted Shares which are forfeited pursuant to Section 3(b), on and after the date of forfeiture. Any dividends payable in shares or other property (other than cash) shall be subject to the same restrictions as the Granted Shares on which such dividends were paid.

5. Adjustment of and Changes in Common Stock of the Corporation.

In the event of a reorganization, recapitalization, change of shares, stock split, spin-off, stock dividend, reclassification, subdivision or combination of shares, merger, consolidation, rights offering, or any other change in the corporate structure or shares of the Corporation, the Committee shall make such adjustment as it deems appropriate in the number and kind of shares that constitute the Granted Shares.

6. No Rights of Shareholders.

Except as provided in Section 4 of the Agreement, neither the Grantee nor any personal representative shall be, or have any of the rights and privileges of, a shareholder of the Corporation with respect to all or any portion of the Granted Shares as to which the restrictions under the Agreement have not lapsed prior to the date the restrictions lapse with respect to such Granted Shares under Section 3 of the Agreement.

7. Non-Transferability of Grants.

During the Grantee's lifetime, only the Grantee or any guardian or legal representative of the Grantee, may exercise rights with respect to the Granted Shares. Such persons may not transfer those rights except by will or the laws of descent and distribution or, if permitted under Rule 16b-3 of the Exchange Act and if permitted in any specific case by the Committee in their sole discretion, pursuant to a qualified domestic relations order as defined under the Code or Title I of ERISA or the rules thereunder. The Granted Shares shall not be subject to attachment, execution or other similar process. In the event of any attempt by the Grantee to alienate, assign, pledge, hypothecate or otherwise dispose of the Granted Shares or of any right hereunder, except as provided for herein, or in the event of the levy of any attachment, execution or similar process upon the rights or interest hereby conferred, the Corporation may terminate the Granted Shares by notice to the Grantee and the Escrow Agent is authorized to immediately utilize the stock powers delivered by the Grantee pursuant to Section 2 hereof and to transfer all such forfeited shares to the Corporation.

8. Employment Not Affected.

Neither the grant of the Granted Shares nor the lapse of the restrictions thereon shall be construed as granting to the Grantee any right with respect to continuance of employment by the Corporation or any of its subsidiaries. Except as may otherwise be limited by a written agreement between the Corporation or any subsidiary and the Grantee, the right of the Corporation or any parent or subsidiary to terminate at will the Grantee's employment with it at any time (whether by dismissal, discharge, or otherwise) is specifically reserved and such right is acknowledged by the Grantee.

9. Withholding of Tax.

Whenever shares of Common Stock are to be delivered to the Grantee or such other authorized person, the Corporation shall be entitled to require as a condition of such delivery that the Grantee or such other person remit to the Grantee's employer or, in

appropriate cases, agree to remit to such employer when due, an amount sufficient to satisfy all federal, state and local withholding tax requirements relating thereto. The Committee may permit the Grantee to elect to satisfy the Corporation's tax withholding obligation with respect to the Granted Shares by having shares withheld up to an amount that does not exceed the Grantee's minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities.

10. Amendment of Grant.

The Restricted Stock Grant may be amended by the Committee at any time (i) if it determines, in its sole discretion, that amendment is necessary or advisable in the light of any addition to or change in the Internal Revenue Code or regulations issued thereunder, or any federal or state securities law or other law or regulation, which change occurs after the Restricted Stock Grant and by its terms retroactively applies to such Grant and (ii) with the consent of the Grantee. Any such amendment shall be in writing and signed by the Corporation and the Grantee.

11. Notice.

Any notice to the Corporation provided for in this instrument shall be addressed to it in care of its Secretary, and any notice to the Grantee shall be addressed to the Grantee at the current address shown on the payroll of the Corporation or any subsidiary. Except as otherwise provided herein, any notice shall be deemed to be duly given if and when (i) hand delivered, (ii) properly addressed and posted by registered or certified mail, postage prepaid or (iii) sent by a recognized express courier service.

12. Incorporation of Plan by Reference.

This Restricted Stock Grant is made pursuant to the terms of the Plan. The terms of the Plan as in effect on the date hereof and as the Plan may be amended from time to time are incorporated herein by reference, and the Agreement shall in all respects be interpreted in accordance therewith. The Committee shall interpret and construe the Restricted Stock Grant, and its decision shall be conclusive and binding upon any questions arising hereunder.

13. Governing Law.

The validity, construction, interpretation and effect of this instrument shall exclusively be governed by and determined in accordance with the law of the Commonwealth of Pennsylvania.

14. Non-compete and Non-Solicitation Agreement.

(a) In consideration for the Restricted Stock Grant made to Grantee under the terms of this Agreement, Grantee agrees that during the term of Grantee's employment with the Corporation or one or more of its direct or indirect subsidiaries ("Employer") and for a twelve (12) month period beginning on the date that Grantee's employment with Employer ceases for any reason (the "Termination Date"), Grantee shall not directly or indirectly, (i) accept employment with, (ii) own, manage, operate, join, control, solicit, finance, or participate in the ownership, management, operation, acquisition, control or financing of, (iii) be connected as a partner, principal, agent, representative, consultant or otherwise with, or (iv) use or permit Grantee's name to be used in connection with, any business or enterprise engaged directly or indirectly in any business or enterprise engaged in a geographic area within 50 miles of any location from which the Corporation or any of its subsidiaries is operating on the Termination Date (the "Geographic Area"), in any business that is competitive to a business from which the Corporation and any of its subsidiaries, taken as a whole from all geographic area, derived at least ten percent of its respective annual gross revenues for the twelve (12) months preceding the Termination Date.

(b) In consideration for the Restricted Stock Grant made to Grantee under the terms of this Agreement, Grantee agrees that during a twelve (12) month period beginning on the date that Grantee's employment with Employer ceases for any reason, Grantee shall not

(i). directly or indirectly solicit, entice, broker or induce an agreement with any person or entity that had a contractual agreement with Employer during the term of Grantee's employment to enter into an agreement or arrangement with Grantee or any third party that would preclude the person or entity, either contractually or practically, from working with Employer; or

(ii). directly or indirectly solicit, recruit or hire any employee (full-time or part-time) of Employer to work for a third party other than Employer.

(c) Grantee acknowledges, agrees and represents that the type and periods of restrictions imposed in this Agreement are fair and reasonable, and that such restrictions are intended solely to protect the legitimate interests of Employer, rather than to prevent Grantee from earning a livelihood. Grantee recognizes that Employer competes or may compete in the Restricted Territory and that Grantee's access to confidential information makes it necessary for Employer to restrict Grantee's post-employment activities in the Restricted Territory. Grantee further represent that: (i) Grantee is familiar with the covenants not to compete and not to solicit set forth in this

Agreement, (ii) Grantee is fully aware of his or her obligations hereunder, including, without limitation, the length of time, scope and geographic coverage of these covenants, (iii) Grantee find the length of time, scope and geographic coverage of these covenants to be reasonable, and (iv) Grantee is receiving valuable and sufficient consideration for Grantee's covenants not to compete and not to solicit.

GRANTEE

By: /s/ Nicholas DeBenedictis

Grantee

AQUA AMERICA, INC.

By: /s/ Roy H. Stahl

Exhibit A Performance Goals

The Performance Goals for the Granted Shares are that there be a year over year increase in the Corporation's Operating Income for any one of the calendar years in the Performance Period, as follows:

- The Corporation's Operating Income for the 2010 calendar year is greater than the Corporation's Operating Income for the 2009 calendar year;
- The Corporation's Operating Income for the 2011 calendar year is greater than the Corporation's Operating Income for the 2010 calendar year; or
- The Corporation's Operating Income for the 2012 calendar year is greater than the Corporation's Operating Income for the 2011 calendar year.

In each case, Operating Income shall be determined as the Operating Income of the Corporation and its subsidiaries as shown in the Corporation's audited financial statements based on generally accepted accounting principles. The Committee shall specify in writing as of the Date of Grant any objectively determinable adjustments that shall be made to the calculation of Operating Income.

**SECOND AMENDMENT TO AQUA AMERICA, INC.
SUPPLEMENTAL PENSION BENEFIT PLAN
FOR SALARIED EMPLOYEES**

(As Amended and Restated Effective January 1, 2008)

WHEREAS, Aqua America, Inc. (the "Company") maintains the Aqua America, Inc. Supplemental Pension Benefit Plan for Salaried Employees (the "Plan") for the benefit of a select group of management and highly compensated employees; and

WHEREAS, the Company and Nicholas DeBenedictis have entered into an Employment Agreement; and

WHEREAS, Nicholas DeBenedictis (the "Participant") made the one-time irrevocable election, pursuant to and in accordance with Section 3.2(d), to transfer his benefit hereunder to the Aqua America, Inc. Executive Deferral Plan; and

WHEREAS, the Company desires to amend the Plan in accordance with the Employment Agreement between the Company and Nicholas DeBenedictis to increase the benefit to be transferred to the Aqua America, Inc. Executive Deferral Plan for payment to his Surviving Spouse in the event of his Separation from Service due to death after age 55 and to clarify Section 3.4;

NOW, THEREFORE, effective immediately, the Plan is hereby amended to read as follows:

1. Section 1.16 is hereby amended to read as follows:

1.16 "Surviving Spouse Benefit" means, except as otherwise provided in Section 3.2(d), the survivor annuity payable to the Surviving Spouse determined as if the Participant had retired on the later of the day prior to his death or on the date of his earliest retirement age (having survived to such date), with an immediate joint and survivor annuity. The survivor annuity percentage shall be 75% with respect to Participants in Part A of the Retirement Plan and 50% with respect to Participants in Part C of the Retirement Plan. A Surviving Spouse Benefit shall be determined in the form of a single life annuity (based on such survivor annuity) for the life of the Surviving Spouse commencing on the later of the Participant's date of death or earliest retirement age. Earliest retirement age shall have the same meaning as under the Retirement Plan.

2. Section 3.2(d) is hereby amended by adding a sentence at the end thereof to read as follows:

Notwithstanding the foregoing, or any other provision of this Plan to the contrary, with respect to the participation of Nicholas DeBenedictis in the event of his Separation from Service due to death after age 55, the Supplemental Surviving Spouse Benefit to be transferred to the Aqua America, Inc. Executive Deferral Plan shall be an amount equal to the actuarial equivalent present value of the Supplemental Benefit that would have been transferred to such Executive Deferral Plan had Mr. DeBenedictis retired on the day prior to the day of his death.

3. Section 3.4 is hereby amended for clarification purposes by adding a sentence at the end thereof to read as follows:

For avoidance of doubt, the Supplemental Benefit as of any date after the Participant's Normal Retirement Date shall be the greater of (i) the Supplemental Benefit as of the Participant's Normal Retirement Date increased by one-half of one percent (1/2%) per month, for a Participant in Part A of the Retirement Plan for the period from his Normal Retirement Date to the date of determination or the Actuarial Equivalent of the Supplemental Benefit as of Normal Retirement Date for a Participant in Part C of the Retirement Plan, or (ii) the Supplemental Benefit calculated as of the date of determination.

IN WITNESS WHEREOF, Aqua America, Inc. has caused this Amendment to be duly executed, under seal, this 31st day of January, 2010.

AQUA AMERICA, INC.

 /s/ Maria Gordiany
Assistant Secretary

By: /s/ Roy H. Stahl
Chief Administrative Officer,
General Counsel and Secretary

[Corporate Seal]

**SECOND AMENDMENT TO AQUA AMERICA, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
FOR NICHOLAS DEBENEDICTIS**

(As Amended and Restated Effective January 1, 2008)

WHEREAS, Aqua America, Inc. (the "Company") maintains the Aqua America, Inc. Supplemental Executive Retirement Plan for Nicholas DeBenedictis (the "Plan"); and

WHEREAS, the Company and Nicholas DeBenedictis have entered into an Employment Agreement; and

WHEREAS, Nicholas DeBenedictis (the "Participant") made the one-time irrevocable election, pursuant to and in accordance with Section 2.3(d), to transfer his benefit hereunder to the Aqua America, Inc. Executive Deferral Plan; and

WHEREAS, the Company desires to amend the Plan in accordance with such Employment Agreement to increase the benefit to be transferred to the Aqua America, Inc. Executive Deferral Plan for payment to the Participant's Surviving Spouse in the event of the Participant's Separation from Service due to death after age 55 and to clarify Section 2.5;

NOW, THEREFORE, effective immediately, the Plan is hereby amended to read as follows:

1. Section 1.19 is hereby amended to read as follows:

1.19 "Surviving Spouse Benefit" means, except as otherwise provided in Section 2.3(d), the survivor annuity payable to the Surviving Spouse determined as if the Participant had retired on the later of the day prior to his death or on the date of his earliest retirement age (having survived to such date), with an immediate joint and 75% survivor annuity. A Surviving Spouse Benefit shall be determined in the form of a single life annuity (based on such 75% survivor annuity) for the life of the Surviving Spouse commencing on the later of the Participant's date of death or earliest retirement age. Earliest retirement age shall have the same meaning as under the Retirement Plan.

2. Section 2.3(d) is hereby amended by adding a sentence at the end thereof to read as follows:

Notwithstanding the foregoing, or any other provision of this Plan to the contrary, in the event of the Participant's Separation from Service due to death after age 55, the Supplemental Excess Surviving Spouse Benefit to be transferred to the Aqua America, Inc. Executive Deferral Plan shall be an amount equal to the actuarial equivalent present value of the Supplemental Excess Benefit that would have been transferred to such Executive Deferral Plan had the Participant retired on the day prior to the day of his death.

3. Section 2.5 is hereby amended for clarification purposes by adding a sentence at the end thereof to read as follows:

For avoidance of doubt, the Supplemental Excess Benefit as of any date after the Participant's Normal Retirement Date shall be the greater of (i) the Supplemental Excess Benefit as of the Participant's Normal Retirement Date increased by one-half of one percent (1/2%) per month, as set forth under the Retirement Plan for the period from his Normal Retirement Date to the date of determination or (ii) the Supplemental Excess Benefit calculated as of the date of determination.

IN WITNESS WHEREOF, Aqua America, Inc. has caused this Amendment to be duly executed, under seal, this 31st day of January, 2010.

AQUA AMERICA, INC.

 /s/ Maria Gordiany—
Assistant Secretary

By: /s/ Roy H. Stahl—
Chief Administrative Officer,
General Counsel and Secretary

[Corporate Seal]