



Aqua America Subsidiary Secures \$25 Million in Tax-Exempt Bonds to Finance Water Improvements; Interest Savings Estimated at \$5 Million

BRYN MAWR, Pa., Dec 28, 2005 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) announced today that its largest subsidiary -- Aqua Pennsylvania, Inc. -- successfully closed a \$25 million tax-exempt financing issued through the Delaware County Industrial Development Authority at yields of 4.82 percent.

The entire \$25 million will be used to construct water infrastructure improvements between 2005 and 2008 in southeastern Pennsylvania. The work includes improvements to the company's water treatment facilities and a host of water main replacement projects in Montgomery, Chester and Delaware counties.

Aqua America Treasurer Kathy Pape said she anticipates that the \$25 million tax-exempt bonds will produce significant savings on the company's interest expense. "By locking in these historically low long-term interest rates, we estimate that compared to a taxable rate of approximately 5.6 percent, we are saving approximately \$5 million in interest expense over the loan's 30-year term."

Since Aqua America began aggressively pursuing low-interest financing in 1999, the company has reduced its system-wide long-term interest rate from 7.4 percent to 5.76 percent on nearly \$900 million of outstanding debt as of December 2005, representing an annual savings of more than \$14 million.

"Thanks to our company's effectiveness in securing tax-exempt financing, we're able to enhance our capital program by investing the savings in additional projects, such as replacing aging pipes and upgrading treatment facilities to improve water quality and reliability," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis.

Aqua America, Inc. is the largest U.S.-based publicly-traded water utility, serving more than 2.5 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, New York, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains certain forward-looking statements involving risks, uncertainties and other factors that might cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors include, among others, the following: the successful completion of the company's low-interest financing program; the company's ability to realize the benefits from its low-interest financing; the effect of the low-interest financing on the company's interest expense; general economic business conditions; the success of certain cost containment initiatives; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth initiatives.

WTRF

SOURCE: Aqua America, Inc.

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