



Aqua America Pennsylvania Subsidiary Closes \$141.4 Million in Tax-Exempt Mortgage Bonds at a 4.75 Percent Yield

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE:WTR) announced today that its Pennsylvania subsidiary closed on \$141.4 million of first mortgage bonds it issued to the Pennsylvania Economic Development Financing Authority (PEDFA). The first mortgage bonds were issued by Aqua in two series. 2010 Series A was \$45.2 million priced at a 5 percent coupon rate with a weighted yield of 5.02 percent and a 23-year maturity. 2010 Series B was \$96.2 million priced at a weighted coupon rate of 4.92 percent with a weighted yield of 4.62 percent and a 32-year maturity. Collectively, the average yield on the bonds is 4.75 percent.

The proceeds from the PEDFA bonds will be used by Aqua to help finance part of the company's \$1.5 billion multi-year capital plan to enhance the delivery infrastructure system for its customers in Pennsylvania, most of which will be funded by internally generated cash and retained earnings. The proceeds will also be used to refinance \$44 million of existing debt at 6.0 percent which will lead to a net present value savings of \$4.5 million for the company's Pennsylvania customers. The life of the refinanced bonds was extended from 19 years on to 23 years.

"We are investing in America now, at a time when we can take advantage of low interest rates, below 5 percent, and good construction contractor pricing to build the sound water and wastewater infrastructure needed to help enhance public health and future economic growth for the 21st Century," said Aqua America Chairman Nicholas DeBenedictis.

He added that while Aqua America has increased greatly its capital investment programs during this decade, it has simultaneously lowered its weighted average cost of debt to 5.36 percent upon the closing of this financing. This accomplishment has translated into interest expense savings for its customers. "If we still had our cost of debt from 10 years ago (7.20 percent), our annual interest costs would be \$27.5 million more than our current interest expense. This amount would translate into an additional \$28 on a customer's annual water bill, which is typically still the lowest of household utility bills and we hope to keep it that way," said DeBenedictis.

Aqua America, Inc. is a publicly traded water and wastewater utility holding company with operating subsidiaries serving approximately three million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, New York, Indiana, Florida, Virginia, Maine, Missouri, South Carolina and Georgia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the Company's plans to continue its infrastructure improvement program and the amount of the Company's planned capital investments, expected interest rate savings and their effect on rate payers, and the Company's ability to access the capital markets, the expected use of the proceeds of the bonds, the effect of the Company's capital plan on the Company's infrastructure, and the projected impact of the bonds on the Company's weighted average cost of debt. There are important factors that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements including among others, 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; the company's ability to successfully complete the construction projects; 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; and other factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which is on file with the SEC. We undertake no obligation to publicly update or revise any forward looking statement.

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