



Aqua Pennsylvania Successfully Accesses Capital Markets to Support the Company's \$280 Million 2009 Infrastructure Improvement Program

BRYN MAWR, Pa., Dec 09, 2008 (BUSINESS WIRE) --

Aqua America, Inc. (NYSE:WTR) announced today that the company's largest subsidiary, Aqua Pennsylvania Inc., entered into an agreement to issue \$22 million in tax-free First Mortgage Bonds to which Standard and Poor's assigned its 'AA-' secured debt rating and '1+' recovery rating, which Standard and Poor's equates to the highest expectation of full recovery of principal.

Aqua Pennsylvania also announced that it was able to renew a \$70 million short-term line with PNC Bank and TD Bank. At yesterday's (12/8/08) one-month Libor rate, the current short-term borrowing rate under this renewed line of credit is 2.6 percent versus 5.5 percent a year ago. The interest rate under this line of credit changes based on the applicable Libor rate. The company's ability to access money at this rate is a reflection of the company's Standard and Poor's credit rating, which improves its ability to economically expand its infrastructure rebuilding program. Aqua America and its subsidiaries currently have approximately \$80 million available on its credit lines. The company's lines are used to fund day-to-day operations.

The bond issuance is made up of two series of bonds including \$9 million at a 6.25 percent coupon rate with a yield of 6.55 percent maturing in 2017, and \$13 million issued at par with a 6.75 percent coupon maturing in 2018. Aqua Pennsylvania received approval from the Pennsylvania Economic Development Financing Authority for the issuance in October. The proceeds will be used to finance capital improvements to water distribution systems and treatment facilities in Chester, Delaware, and Montgomery counties in Pennsylvania. The company intends to close on this transaction in mid-December.

The issuance will allow the company to continue to invest in infrastructure improvements to enhance reliability and service to our customers. In 2009, the company expects to spend roughly \$280 million on infrastructure improvements, most of which will be funded by internally generated cash.

Aqua America Chairman and CEO Nicholas DeBenedictis said, "I am pleased that in the current credit environment Aqua is able to continue to maintain its business model and to finance infrastructure projects that will improve water quality and reliability, and benefit the local economy. Aqua Pennsylvania remains well positioned to continue to make capital investments through its strong Standard and Poor's ratings that are allowing the company to access the capital markets in times such as these."

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

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the effect of the S&P credit rating on the company's financing, borrowing power and capital investment program, the expected timing of the closing of its tax-free debt issuance, the expected use of the proceeds from the financings and the company's projected capital spending levels. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, disruption in the credit markets, 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.

WTRF

SOURCE: Aqua America, Inc.

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