



Aqua America's Pennsylvania Subsidiary to Issue \$58 Million of Tax-Exempt First Mortgage Bonds

Proceeds Will Support \$236 Million Pennsylvania Capital Program

BRYN MAWR, Pa., Jul 01, 2009 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) announced today that the company's largest subsidiary, Aqua Pennsylvania Inc., (Aqua) entered into an agreement to issue \$58 million in tax-exempt First Mortgage Bonds. The bonds are not subject to AMT tax.

The bond issuance is a single series of bonds priced at a 5.0 percent coupon rate with a yield of 5.23 percent maturing in 2039. The bonds were rated by Standard and Poor's (S&P) at AA- with a 1+ recovery rating. Aqua received approval from the Pennsylvania Economic Development Financing Authority for the issuance in 2008. The company intends to close on this transaction in mid-July. The bonds were sold by an underwriting team of Jefferies & Company, Janney Montgomery Scott, Boening & Scattergood and Edward Jones.

Aqua's ability to access money at this rate is a reflection of the company's A+ S&P corporate credit rating, which improves its ability to economically expand its infrastructure rebuilding program. In 2009, Aqua expects to spend approximately \$236 million on infrastructure improvements, most of which will be funded by internally generated cash.

Aqua America Chairman and CEO Nicholas DeBenedictis said, "The strong S&P credit rating allows the company to continue to access the capital markets at reasonable rates and enables Aqua to contribute to the reduction of the overall embedded cost of debt for Aqua America companies, which is now at 5.6 percent. This has allowed us to maintain our business model and to finance infrastructure projects that will improve water quality and reliability, and benefit the local economy."

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. Aqua Pennsylvania is Aqua America's largest subsidiary and provides water and wastewater services to approximately 1.4 million people in 30 counties throughout Pennsylvania.

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, 2008, 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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