



Aqua America Pennsylvania Subsidiary Receives \$3.3 Million in Low-Interest Financing for Water Infrastructure Projects

BRYN MAWR, Pa., Jan 28, 2009 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) announced today that its largest subsidiary--Aqua Pennsylvania, Inc. (Aqua)--has been approved for \$3.3 million in low interest loans from the Pennsylvania Infrastructure Investment Authority (PENNVEST).

Aqua will use these low interest loans for two major projects in Southeastern and Northeast Pennsylvania. The company will use \$2.45 million to construct improvements at the residuals facility at its 8-million-gallon-per-day Bristol Water Treatment Plant in Bucks County. Interest rates on the 20-year loan are 2.464 percent for the first five years and 3.143 percent for the remaining term.

Aqua also was approved for \$882,000 to replace approximately 5,500 feet of water main along Lake Valley Drive in the company's Eagle Rock system in Luzerne County. The project is the continuation of an earlier main replacement that was also funded by PENNVEST. The new main will enhance fire flow and increase water pressure. Interest rates on the 20-year loan are 1.274 percent for the first five years and 2.547 percent for the remaining term.

Aqua, as one of the largest water and wastewater utilities in Pennsylvania, is one of the largest users of PENNVEST--the Commonwealth's State Revolving Loan fund program.

"Our ability to access these low interest funds allows us to continue investing in infrastructure improvements and ensures the ongoing continuity of our high quality service," said Aqua America Chairman Nicholas DeBenedictis. "Furthermore, the savings in interest expense accrues to the benefit of our rate payers in the PUC-approved rate structure."

PENNVEST awards money to utilities like Aqua with "shovel ready" projects that already have been designed and permitted. "These 'shovel ready' projects are like those referenced in President Obama's economic stimulus package, which is currently being considered by Congress," said DeBenedictis who is very proud of the continued forward movement Aqua America has made in the current economic climate. "Because our strong balance sheet continues to allow us to access the capital markets, our subsidiaries are continuing to make the types of capital investments like those called for in the economic stimulus plan.

"In addition to growing our capital program, we've also grown our company by continuing to acquire water and wastewater systems, with the addition of nine new properties in 2008. While other companies are finding it difficult to borrow money and grow, we are proud of the fact that we have been able to continue to access capital markets and grow our customer base. Our plans are to have invested \$1 billion in capital improvements to our water and wastewater systems during the four-year period between 2008 and 2011."

Since Aqua America began its aggressive program to secure low-interest financing in 1999, its system-wide long-term interest rate has been reduced from 7.4 percent to 5.35 percent on more than \$1.255 billion of outstanding debt at December 31, 2008. The savings in interest expense over the past eight years has allowed the company to accelerate the pace of its capital improvements and continue to provide its growing customer base with quality water and wastewater service at reasonable costs.

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 and South Carolina. 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 effects of the Company's projects on fire flows and water pressure, the Company's ability to continue its infrastructure improvement program and capital plans, expected interest rate savings and their effect on rate payers, and the Company's ability to access the capital markets. 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 or 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

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