



## **Aqua Pennsylvania Will Issue \$141.4 Million of Tax-Exempt First Mortgage Bonds**

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE:WTR) announced today that the company's largest subsidiary, Aqua Pennsylvania, Inc. (Aqua), will issue \$141.4 million in tax-exempt first mortgage bonds.

The first mortgage bonds will be 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. Interest on the 2010 Series A bonds will be subject to Alternative Minimum Tax (AMT). Interest on the 2010 Series B bonds will be exempt from individual and corporate AMT.

Aqua received approval from the Pennsylvania Economic Development Financing Authority for the issuance on September 15, 2010. The company plans to close the transaction in November.

The proceeds from the PEDFA bonds will be used by Aqua to help finance part of the company's \$1 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 which will lead to a net present value savings of \$4.5 million for the company's Pennsylvania customers.

One purpose of this issuance is to lower Aqua America's weighted average cost of debt, which, upon closing of this issuance, will be 5.36 percent. This lower cost of debt results in interest expense savings for Aqua America and, ultimately, savings for its customers.

Aqua Pennsylvania is the largest operating subsidiary of America, Inc. -- a U.S.-based publicly traded water and wastewater utility holding company, serving approximately 3 million people in Pennsylvania, New York, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, South Carolina and Georgia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

This release does not constitute and offer of any securities for sale or the solicitation of an offer to buy any securities. The securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, expected closing date on the transaction, the expected use of the proceeds of the bonds, the effect of the Company's capital plan on the Company's infrastructure, the projected impact of the bonds on the Company's weighted average cost of debt. 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; disruptions in the credit markets; and other factors discussed in the Company's Annual Report on Form 10-K, which is on file with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statement.

WTRF

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