



## **Aqua America's Pennsylvania Subsidiary Issues \$75M of Tax-Exempt First Mortgage Bonds**

### **Bonds rated AA- by Standard and Poor's**

BRYN MAWR, Pa., Nov 18, 2009 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) announced today that the company's largest subsidiary, Aqua Pennsylvania Inc., (Aqua) closed an agreement to issue \$75 million in tax-exempt First Mortgage Bonds. The bonds are not subject to AMT tax.

The bonds were issued in two series - \$13 million priced at a 4.75 percent coupon rate with a yield of 4.9 percent and \$62 million priced at a 5 percent coupon rate with a yield of 4.875 percent. Both series mature in 2040 with a 10-year call at par provision. 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 on October 1, 2009. The company closed the transaction on November 17. The bonds were sold by an underwriting team of Jefferies & Company, PNC Capital Markets, Janney Montgomery Scott, Hilliard Lyons, and Boenning & Scattergood.

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

Aqua America Chairman and CEO Nicholas DeBenedictis said, "Aqua America is investing in capital improvements in all our 13 operating states to enhance water quality and service reliability for our customers. It is therefore important to be able to access the credit markets in a timely and effective manner."

DeBenedictis said that while Aqua America has increased its capital investment programs during this decade, it has simultaneously worked diligently to lower its weighted average cost of debt from 7.4 percent to 5.6 percent. This work has translated into interest expense savings for its customers. "If we still had a 7.4 percent cost of debt, our annual interest costs would be \$22 million more than our current interest expense. This amount would translate into an additional \$2 a month on a customer's 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 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 company's S&P corporate rating on its ability to economically expand its infrastructure rebuilding program, the company's projected spending on infrastructure improvements, the expected funding of most of its infrastructure improvements from internally generated cash and retained earnings, the impact of its capital improvements on water quality and service reliability, the company's hope to keep water bills the lowest of household utility bills and the expected use of the proceeds of the bonds. 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 our Annual Report on Form 10-K, 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.

Aqua America, Inc.  
Brian Dingerdissen

Director, Investor Relations

610-645-1191

[bjdingerdissen@aquaamerica.com](mailto:bjdingerdissen@aquaamerica.com)

or

Gretchen Toner

Senior Communications Specialist

610-645-1175

[gmtoner@aquaamerica.com](mailto:gmtoner@aquaamerica.com)

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