Aqua America, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP financial measures for continuing operations
(in thousands of dollars)
(GAAP refers to accounting principles generally accepted in the United States)

Earnings before interest, taxes, depreciation and amortization (EBITDA) is not a measurement of financial performance under accounting principles generally accepted in the United States. The following table presents EBITDA amounts for the quarters and years noted for continuing operations. We believe EBITDA from continuing operations is a relevant and useful indicator of operating performance, as we measure it for management purposes because it provides a better understanding of our results of operations by highlighting our operations and the underlying profitability of our core business. The amounts reported on this reconciliation include the operating results of Aqua America's continuing operations for all periods reported.

	Quarter ended	Quarters ended							
	3/31/2012	3/31/2011	6/30/2011	9/30/2011	12/31/2011	2011	2010	2009	2008
Operating revenues (GAAP financial measure)	$ 170,244	$ 163,615	$ 178,313	$ 197,328	$ 172,700	$ 711,956	$ 683,438	$ 633,292	$ 589,901
Income from continuing operations (GAAP financial measure)	$ 27,658	$ 30,646	$ 36,595	$ 45,516	$ 32,005	$ 144,762	$ 118,197	$ 100,150	$ 93,568
Add:									
Interest expense, net	19,248	19,356	19,541	19,560	19,345	77,802	73,391	66,343	66,055
Allowance for funds used during construction	(1,344)	(1,977)	(1,929)	(1,804)	(1,486)	(7,196)	(4,863)	(2,623)	(3,592)
Provision for income taxes	17,959	13,016	18,554	24,703	14,818	71,091	76,169	64,874	61,783
Depreciation	27,595	26,276	26,550	27,132	26,713	106,671	104,307	99,424	85,294
Amortization	1,215	1,637	1,624	1,074	936	5,271	11,815	11,687	5,264
Adjusted earnings before interest, taxes, depreciation and amortization from continuing operations (Non-GAAP financial measure)	$ 92,331	$ 88,954	$ 100,935	$ 116,181	$ 92,331	$ 398,401	$ 379,016	$ 339,855	$ 308,372
Selected operating results from continuing operations as a percentage of operating revenues:									
Income from continuing operations	16.2%	18.7%	20.5%	23.1%	18.5%	20.3%	17.3%	15.8%	15.9%
Add:									
Interest expense, net	11.3%	11.8%	11.0%	9.9%	11.2%	10.9%	10.7%	10.5%	11.2%
Allowance for funds used during construction	-0.8%	-1.2%	-1.1%	-0.9%	-0.9%	-1.0%	-0.7%	-0.4%	-0.6%
Provision for income taxes	10.5%	8.0%	10.4%	12.5%	8.6%	10.0%	11.1%	10.2%	10.5%
Depreciation	16.2%	16.1%	14.9%	13.7%	15.5%	15.0%	15.3%	15.7%	14.5%
Amortization	0.7%	1.0%	0.9%	0.5%	0.5%	0.7%	1.7%	1.8%	0.9%
Adjusted earnings before interest, taxes, depreciation and amortization from continuing operations	54.2%	54.4%	56.6%	58.9%	53.5%	56.0%	55.5%	53.7%	52.3%