

Aqua America, Inc. and Subsidiaries  
Reconciliation of GAAP to Non-GAAP financial measures  
(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. The table also presents for these periods a quantitative reconciliation of the differences between EBITDA and net income, as net income is calculated in accordance with generally accepted accounting principles. Data with respect to EBITDA is presented because management considers EBITDA to be an important supplemental indicator of our operating performance because it focuses on our ongoing operations and the underlying profitability of our core business.

	Quarters ended			Quarters ended				Years ended December 31,				
	3/31/2009	6/30/2009	9/30/2009	3/31/2008	6/30/2008	9/30/2008	12/31/2008	2008	2007	2006	2005	2004
Operating revenues (GAAP financial measure)	\$ 154,487	\$ 167,333	\$ 180,826	\$ 139,283	\$ 150,751	\$ 177,098	\$ 159,840	\$ 626,972	\$ 602,499	\$ 533,491	\$ 496,779	\$ 442,039
Net income (GAAP financial measure)	\$ 18,371	\$ 25,853	\$ 33,470	\$ 14,321	\$ 22,552	\$ 35,380	\$ 25,665	\$ 97,918	\$ 95,014	\$ 92,004	\$ 91,156	\$ 80,007
Add:												
Interest expense, net	16,628	16,809	17,256	17,130	17,063	17,014	17,365	68,572	66,921	58,432	52,062	48,679
Allowance for funds used during construction	(625)	(568)	(747)	(956)	(1,100)	(976)	(642)	(3,674)	(2,953)	(3,941)	(2,447)	(2,304)
Provision for income taxes	12,525	16,850	21,638	9,721	15,167	23,688	16,008	64,584	60,528	60,246	56,913	52,124
Depreciation	26,387	24,972	25,436	21,481	20,619	22,809	23,876	88,785	83,178	70,895	60,747	54,564
Amortization	2,755	3,064	3,029	1,173	1,012	1,815	1,515	5,515	4,833	4,146	4,741	4,300
Earnings before interest, taxes, depreciation and amortization (Non-GAAP financial measure)	\$ 76,041	\$ 86,980	\$ 100,082	\$ 62,870	\$ 75,313	\$ 99,730	\$ 83,787	\$ 321,700	\$ 307,521	\$ 281,782	\$ 263,172	\$ 237,370
Selected operating results as a percentage of operating revenues:												
Net income	11.9%	15.5%	18.5%	10.3%	15.0%	20.0%	16.1%	15.6%	15.8%	17.2%	18.3%	18.1%
Add:												
Interest expense, net	10.8%	10.0%	9.5%	12.3%	11.3%	9.6%	10.9%	10.9%	11.1%	11.0%	10.5%	11.0%
Allowance for funds used during construction	-0.4%	-0.3%	-0.4%	-0.7%	-0.7%	-0.6%	-0.4%	-0.6%	-0.5%	-0.7%	-0.5%	-0.5%
Provision for income taxes	8.1%	10.1%	12.0%	7.0%	10.1%	13.4%	10.0%	10.3%	10.0%	11.3%	11.5%	11.8%
Depreciation	17.1%	14.9%	14.1%	15.4%	13.7%	12.9%	14.9%	14.2%	13.8%	13.3%	12.2%	12.3%
Amortization	1.8%	1.8%	1.7%	0.8%	0.7%	1.0%	0.9%	0.9%	0.8%	0.8%	1.0%	1.0%
Earnings before interest, taxes, depreciation and amortization	49.2%	52.0%	55.3%	45.1%	50.0%	56.3%	52.4%	51.3%	51.0%	52.8%	53.0%	53.7%