



Aqua America Subsidiary Purchases North Carolina Water and Wastewater Systems

GREENSBORO, N.C.--(BUSINESS WIRE)--March 31, 2004--Aqua America, Inc. (NYSE:WTR) announced today that its North Carolina subsidiary, Aqua North Carolina, Inc., has purchased a water and wastewater system in New Hanover County near Wilmington and another water system in the Glencroft Subdivision near Newton in Catawba County. Collectively, the systems serve more than 1,000 residents.

Aqua North Carolina purchased the water and wastewater assets of ABC Utilities, which serves approximately 900 residents south of Wilmington for \$475,000. In a separate transaction, Aqua North Carolina purchased the water assets of Glencroft water system previously owned by Yount Properties, that currently serves 150 residents for \$60,000.

Aqua North Carolina President Neil Phillips said the company will install new meters throughout the Glencroft system, where additional homes are expected to be built. At ABC, Phillips said the company will construct interconnects to tie the ABC system into its Fairway and Cape systems that became part of their operations last summer when Aqua America purchased the investor-owned water and wastewater systems of AquaSource Inc.--a subsidiary of DQE (NYSE:DQE)--including several systems in North Carolina.

"The ABC water system, as well as the adjacent systems to which it will be connected, are all located in the rapidly-growing eastern North Carolina resort area just four miles from the Atlantic Ocean," said Phillips. "We look forward to expanding our presence in this area."

Nicholas DeBenedictis, the Chairman and CEO of Aqua America which owns Aqua North Carolina, referred to the purchases as "tuck-in" acquisitions and said they are a niche part of the company's growth-through-acquisition strategy. "Although they don't bring the large numbers of customers at one time, these 'tuck-in' acquisitions are important to our growth-through-acquisition strategy. There are more than 45,000 small systems in the U.S. and acquiring those that integrate well into our existing systems is a sound strategy for continued growth."

Earlier this year, Aqua America's Pennsylvania subsidiary, Aqua Pennsylvania, Inc. also completed two "tuck-in" acquisitions when it purchased the water system assets of Tafton Water Company, Inc., which provides service to more than 150 residents in the "Wilson Hill" community of Palmyra Township, Pike County and purchased the Canal Acres water system that serves a development of the same name in Lackawaxen Township, Pike County.

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