



Aqua America Rings in 2006 with a Water/Wastewater Acquisition and New Growth Venture in Northeast PA

BRYN MAWR, Pa., Jan 24, 2006 (BUSINESS WIRE) -- Aqua America Inc. (NYSE:WTR) announced today the acquisition of a water and wastewater system by its Pennsylvania subsidiary, marking the company's first acquisition of 2006. Aqua Pennsylvania Inc. acquired the water and wastewater systems serving the Masthope residential community in Lackawaxen Township, Pike County for a combined purchase price of approximately \$2.3 million.

In addition, Aqua Pennsylvania announced that a new growth venture was recently approved by the Pennsylvania Public Utility Commission (PUC) that will expand the company's service area in Jefferson Township, Lackawanna County to accommodate a developer's request for water service for approximately 200 residents. The new development is adjacent to the Jefferson Heights water system, which the company acquired in 2003.

The Masthope systems provide water and wastewater services to approximately 2,700 residents and are adjacent to Aqua's Fawn Lake water system, which the company acquired in December 2000. The community also includes nearly 1,000 lots that are approved for future development of permanent or seasonal residences. The Masthope systems will be managed by Aqua's Waymart Division. The PUC approved the acquisition in October 2005.

"These transactions bring water and wastewater systems with strong growth potential in northeastern Pennsylvania," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "Most important, we've started the new year right where we left off in 2005 - executing our growth-through-acquisition strategy by adding 'tuck-in' systems that will efficiently integrate into our operational network."

Last year, Aqua America set a company record of 30 acquisitions, adding water and wastewater systems and customers in North Carolina, New Jersey, Pennsylvania, Ohio, Texas and Illinois.

The company plans to make necessary investments to upgrade Masthope's existing water and wastewater systems. The company's preliminary capital improvement program includes installing pressure reducing valves to provide consistent water pressure, upgrading wells and well-monitoring systems, repairing water storage tanks, and rehabilitating the wastewater treatment system.

Aqua Pennsylvania provides water and wastewater services to approximately 1.4 million residents across the state. It is the largest subsidiary of Aqua America, Inc., the largest U.S.-based publicly-traded water company, serving more than 2.5 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, New York, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the pace of the Company's growth-through-acquisition strategy, projected investment in the acquired systems, the assimilation of the acquired systems, and the potential for additional customer growth from acquired operations. 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, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our filings with the Securities and Exchange Commissions.

WTRF

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