



Aqua America Ends Year with New York Acquisition, Expands Customer Base by More Than 7 Percent in 2006

\$51 Million Accretive Transaction Brings Company's 2006 Total to 28 Acquisitions

BRYN MAWR, Pa., Jan 02, 2007 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) announced today that its subsidiary, Aqua New York, Inc., has acquired New York Water Service Corporation from Utilities & Industries Corp., LLC in a transaction valued at approximately \$51 million. The transaction included a cash payment of \$27.4 million, subject to certain post-closing adjustments, and the assumption of \$23.5 million of debt. The newly acquired water system serves approximately 135,000 residents in Nassau County, Long Island.

Including the closing of New York Water Service, Aqua America recorded a total of 28 acquisitions of water and wastewater systems and septage hauling/wastewater services companies in 2006. The transactions expanded the company's existing operations in North Carolina, Virginia, Texas, New York, Pennsylvania, New Jersey, Indiana and Illinois. Since 1995, the company has completed approximately 200 acquisitions. The U.S. water industry is very fragmented, with more than 50,000 water systems operating in the country.

With the New York Water Service acquisition, Aqua America's overall customer base expanded by more than 7 percent in 2006 through acquisitions and organic growth. This increase exceeds the company's goal of 4 percent growth, which is double the utility industry's growth average. In addition, the company continues to engage in various growth ventures to expand its service territory - usually at the request of real estate developers - to provide water and/or wastewater utility services to brand new developments. In 2006, the company closed nearly 80 new developer systems, which are projected to eventually serve more than 10,000 residents.

"The closing of New York Water Service puts an exclamation point on another solid year for our company's growth-through-acquisition strategy," said Aqua America Chairman Nicholas DeBenedictis. "Along with our many tuck-in acquisitions and the continued expansion of our non-regulated wastewater services business, we are pleased to cap off 2006 with an immediately accretive, platform-building acquisition that establishes an important beachhead in the country's third most-populous state. From this base, we look forward to pursuing additional growth opportunities across New York in the years to come."

The New York Public Service Commission unanimously approved the New York Water Service acquisition last month. The system provides public water in the well-established southeastern Nassau County communities of Merrick, North Merrick, Bellmore, North Bellmore, Wantagh, Seaford, and portions of Levittown and Massapequa. As a result of the acquisition, New York becomes Aqua America's seventh-largest state operation.

"With its long history in the water business, New York Water Service will remain the same fine company it has always been - only now under the ownership and management of a larger, more experienced company with additional environmental and technical expertise," DeBenedictis said. "What's more, we are pleased that the New York Water Service managers and staff will remain with the Aqua team and will continue to serve customers as they have in the past." New York Water Service will adopt the Aqua New York name in the near future.

DeBenedictis added, "This acquisition makes us a major investor in Long Island, as we plan to spend approximately \$14.4 million in infrastructure and water quality system improvements through 2010. We will invest \$3.6 million to complete the current installation of radio frequency meter reading technology, which will allow us to read the customers' water meters remotely without having to access their property." The company also plans to rehabilitate two major water supply wells to improve water quality and will construct a third well for needed water supply.

Aqua America, Inc. is the largest U.S.-based publicly traded water and wastewater utility holding company, serving approximately 2.8 million residents in Pennsylvania, New York, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, 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 that address, among other things, potential additional growth opportunities, the projected investment in and improvements to the acquired system, the expected timing and extent of improvements to systems, the effect of the acquisition of the described

business, and possible benefits from the 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: the risk that the proposed improvements will not be made as projected or have the indicated benefits; the costs related to the transaction; the risk that anticipated benefits will not be obtained or will not be obtained within the time anticipated; and other key factors that we have indicated could adversely affect our business and financial performance contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission. Aqua America is not under any obligation--and expressly disclaims any such obligation--to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

WTRF

SOURCE: Aqua America, Inc.

Aqua America, Inc.
Donna Alston, 610-645-1095
dpalston@aquaamerica.com
or
Terry Maenza, 610-645-1175
tmmaenza@aquaamerica.com

Copyright Business Wire 2007

News Provided by COMTEX