



Aqua America Subsidiary Acquires Five Utility Systems for \$1.6 Million in Luzerne County, Pennsylvania; Major Capital Improvements Planned to Fix Troubled Water, Sewer Operations

BRYN MAWR, Pa., Jul 20, 2005 (BUSINESS WIRE) -- Aqua America, Inc. announced that its subsidiary, Aqua Pennsylvania Inc. (Aqua), has acquired four water systems and one wastewater system from the Chapter 11 Bankruptcy Estate of Wilbar Realty, Inc., a utility company that filed for bankruptcy in April 2000. Aqua acquired these five utility systems, located in Luzerne County, for a combined purchase price of approximately \$1.6 million.

"By purchasing these systems, Aqua continues to support the policies of various state public utility commissions that encourage consolidation of smaller, and many times undercapitalized, water systems to produce greater professionalism and economies of scale for the industry," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis.

The Pennsylvania Public Utility Commission (PUC) approved the acquisition on June 23, 2005. The purchase means that Aqua will now provide:

- Water and wastewater services for the Laurel Lakes development in Rice Township, serving approximately 520 residents.
- Water service for the Forest Park community in Bear Creek Township, serving approximately 220 residents.
- Water service for Penn Lake Park Borough, serving approximately 135 residents.
- Water service for the Saint Johns area in Butler Township, serving approximately 75 residents.

Aqua will invest approximately \$1 million over the next three years to upgrade the water and sewer systems. "We look forward to improving service for these customers by making needed capital investments and by providing the financial and operational expertise required to address the past problems," said Aqua Vice President and Regional General Manager Anthony J. Donatoni. "Furthermore, our new investments will permit the area to realize its full future growth potential."

The capital projects include rehabilitating the water and wastewater treatment systems, upgrading water distribution pipes, installing water meters, repairing water storage tanks, building new wells and sewer collection system improvements.

Aqua is the largest subsidiary of Aqua America, Inc. and provides water and wastewater service to approximately 1.3 million residents across Pennsylvania. Aqua America, Inc. is the largest U.S.-based publicly traded water company in the country, serving more than 2.5 million residents in 13 states. Aqua America, Inc. 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, the effect of the acquisition of the described business, possible benefits from the acquired operations, and the expected timing and extent of improvements to systems. 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 acquired company's business will not be successfully integrated; 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

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