



Aqua America Announces Agreement to Sell Its Maine Operations to Connecticut Water

Utility focusing its efforts in growth states with economies of scale

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE: WTR) announced today that it has reached an agreement to sell its Maine operations to Connecticut Water Service, Inc. (NASDAQ: CTWS) for \$53.5 million, subject to certain adjustments at closing. Aqua America has owned the company, which includes 11 water systems serving 16,000 customers in 17 communities throughout Maine, since March 1999. The sale, which requires approval of the Maine Public Utilities Commission, is expected to be completed during the first quarter of 2012.

The sale to Connecticut Water is the sixth such announcement signed by Aqua America in the past seven months. "The sale of our Maine operations is consistent with our strategy to focus our resources in states where we have critical mass and consolidated rates to efficiently support our growth-through-acquisition model," said Aqua America Chairman and CEO Nicholas DeBenedictis. "The acquisition allows Connecticut Water to expand in New England, buying an Aqua America system that has benefitted from key capital investments to enhance its environmental compliance."

Earlier this month, Aqua announced that it will sell its regulated operations in New York (50,520 customers) to American Water (NYSE: AWK) and purchase American Water's operations in Ohio (57,280 customers). In June, Aqua America's Texas subsidiary acquired 51 water and five wastewater systems from Texas American including 4,200 water and 1,100 wastewater customers (16,000 people) for \$6 million—the approximate book value of the assets. That transaction was the final step in a property swap between the two companies that began in May, when Aqua America sold the bulk of its regulated Missouri operations (approximately 3,700 customers) to American Water for \$3.2 million.

Having recently exited or signed agreements to exit South Carolina, Missouri (anticipated sale of final wastewater operation in third quarter 2011), New York and Maine, Aqua America will have concentrated its regulated operations in nine states (Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana and Virginia). The company maintains a non-regulated wastewater operation in Georgia.

Virginia, the state in which Aqua America now has the fewest customers, was recently cited by CNBC as the number one state in the nation to do business. Two other states in which Aqua America has utility operations, Texas and North Carolina, each made the top five on the list and all of Aqua America's state operations are in the nation's 15 largest (most populated) states. "We are continuing to focus our utility operations in states that have a positive regulatory and business climate that allow us to continue to make the capital investments necessary to deliver quality water and reliable service to our customers, while providing the opportunity to earn an adequate return on that investment for our shareholders," said DeBenedictis. "We will also continue to pursue opportunities in other states consistent with our growth-through-acquisition strategy."

Aqua America is one of the largest U.S.-based, publicly-traded water utilities and serves almost 3 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, New York, Florida, Virginia, Maine, Missouri, and Georgia. Aqua America is listed on the New York Stock Exchange 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 timing and effect of the sale of the Maine systems on the Company, the projected impact of the Company's strategy to focus its resources where it has critical mass and consolidated rates, the projected benefits of the Company's growth strategy and the possible benefits from the regulatory and business climate in certain states. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: regulatory approval of the transaction; the costs related to the transaction; the inability to obtain or meet conditions imposed for governmental approvals for 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 discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is on file with the Securities and Exchange Commission. Neither Aqua America nor Connecticut Water is under any obligation (and each expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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Aqua America, Inc.
Donna Alston
Manager Communication
610-645-1095
dpalston@aquaamerica.com

or

Brian Dingerdissen
Director, Investor Relations
610-645-1191
bjdingerdissen@aquaamerica.com

Source: Aqua America, Inc.

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