



Aqua America's Pennsylvania Subsidiary Maintains Standard & Poor's A+ Credit Rating

BRYN MAWR, Pa.--(BUSINESS WIRE)--Nov. 22, 2004--Aqua America, Inc. (NYSE:WTR) announced today that Standard and Poor's (S&P) has confirmed an A+ corporate credit rating on Aqua America's largest subsidiary, Aqua Pennsylvania, Inc., and its AA- rating on the company's first mortgage bonds.

Aqua Pennsylvania's A+ rating reflects its parent company's consolidated credit quality, according to S&P. Aqua Pennsylvania serves 400,000 of Aqua America's more than 835,000 customer accounts.

S&P cited factors determining Aqua Pennsylvania's credit including, a good business profile characterized by an above-average service territory; a stable customer base, a supportive regulatory environment and solid, interconnected water operations. The company received a business profile ranking of two with one being highest and 10 being the lowest.

"Our continued dedication to implementing a growth-through-acquisition strategy and use of lower-cost, tax-exempt financing to enhance shareholder value is validated with S&P's confirmation of our A+ credit rating," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "We are also pleased that S&P recognized that our dividend payout ratio 'has been very stable and is reasonable, at 57 percent'."

The S&P report follows significant announcements of growth ventures in 2004 for Aqua America including the integration of the 130,000 customer acquisition of AquaSource, Inc., closed in 2003. In addition, the company recently added approximately 67,000 customers with the acquisitions of North Carolina-based Heater Utilities, Inc. (Heater), and Florida Water Services (FWS), contributing to Aqua America's year-to-date customer growth of 11.6 percent. The recapitalization associated with the Heater and FWS acquisitions included the issuance of \$70 million in short-term debt in May 2004 at 2.3 percent and the recent sale of 1.955 million shares of common stock at a public offering price of \$22.70 through an underwritten secondary offering completed on November 12, 2004. The proceeds of the offering were used to repay a portion of Aqua America's short-term debt with the balance used for working capital and other general corporate purposes, which will improve the company's capitalization ratio.

Aqua America, Inc. is the largest U.S.-based publicly-traded water utility serving more than 2.5 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, Maine, Missouri, New York and South Carolina. Aqua America is listed on the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

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