



Aqua America Closes Five More Acquisitions, Bringing Year-to-Date Total to 18

Company Also Expands Service Territory with New Growth Ventures in NC and IL

BRYN MAWR, Pa., Oct 05, 2006 (BUSINESS WIRE) -- Aqua America Inc. (NYSE:WTR) announced today that it completed four water system acquisitions and purchased another wastewater services business as the third quarter of 2006 came to a close. The latest acquisitions, with a combined purchase price of nearly \$600,000, add to previously announced transactions for the third quarter, resulting in a total of five utility acquisitions and three in the wastewater services and disposal business for the quarter. During the first nine months of 2006, the company completed a total of 18 acquisitions.

"The third-quarter activity demonstrates that our acquisition pipeline remains strong and continues to produce a steady stream of small system and 'tuck-in' acquisitions and growth ventures, which are the foundation of our long-term growth strategy," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "Furthermore, we are pleased to keep building our customer base in the wastewater services arena, which is still a relatively new business for our company."

The latest utility acquisitions include the Reedville Water Works in Northumberland County, Virginia, which serves about 500 residents, and the company's Pennsylvania subsidiary acquired the water system assets serving the Greenbriar Estates development in Dallas and Lehman townships, near Wilkes-Barre in Luzerne County. This system will serve approximately 225 residents and an assisted-living facility once the community reaches build-out.

In addition, the company acquired two more troubled water systems in North Carolina under a special state program that rewards Aqua for making required capital investments to address water quality, service reliability and water pressure problems. The company purchased the assets of the Spring Water Company, which serves about 50 residents in the Pine Country Estates subdivision in Wake County. The company also acquired a troubled water system that serves approximately 250 people living in a residential subdivision near Hendersonville in Henderson County.

The company's non-regulated subsidiary, Aqua Wastewater Management, Inc., recently purchased the assets of Bregande Excavating, Inc. of Glen Mills, PA, further expanding its wastewater services and septage hauling business in southeastern Pennsylvania. Along with wastewater hauling disposal, Bregande provides a variety of wastewater field services, such as septic system installation, maintenance and repair services. This purchase follows Aqua Wastewater Management's two previously announced third-quarter acquisitions: Perna Wastewater Management of Souderton, PA, and Foster Septic Services of Kennett Square, PA. The company launched its non-regulated wastewater hauling and services venture in April 2005.

In addition to these transactions, 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. During the third quarter, the company's North Carolina subsidiary purchased 17 developer systems in new satellite communities. So far this year, the company has closed a total of 47 new developer systems in North Carolina, which are projected to eventually serve more than 6,200 residents. Elsewhere, the Illinois Commerce Commission recently approved Aqua Illinois' application to expand its franchise area to supply water to the proposed Kemper Lakes residential development near Kildeer, Lake County, northwest of Chicago. The community will house approximately 600 residents when it reaches its expected build-out in three years.

Along with the latest transactions, DeBenedictis noted that the company expects to close its proposed acquisition of New York Water Service Corporation before the end of 2006. The \$51 million transaction, which is pending approval by the New York Public Service Commission, will expand Aqua America's overall customer base by more than five percent and transform New York into the company's seventh largest state operation. In May, the company announced an agreement with Utilities & Industries Corp., LLC to acquire New York Water Service Corporation, which supplies drinking water to approximately 135,000 residents in southeastern Nassau County, Long Island.

Aqua America, Inc. is the largest U.S.-based publicly-traded water and wastewater utility holding 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 expected pace of the Company's acquisition program, the potential for additional acquisitions and customer growth from acquired operations, and the expected timing of the completion of the New York Water Service acquisition. 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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