



Largest Private U.S. Water Utilities Exchange Subsidiaries

Aqua America purchases American Water's Ohio operations; sells its New York operations to American Water

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE: WTR) announced today that it has completed the purchase of all of American Water Works Company, Inc. (NYSE: AWK) regulated operations in Ohio and simultaneously sold its regulated operations in New York to American Water. Aqua America is the largest investor-owned water utility in Ohio.

The purchase, for \$101 million in cash plus assumed debt of \$11 million, yielded Aqua America eight additional water systems and one wastewater system in Ohio, which serve approximately 50,730 water and approximately 6,550 wastewater connections. The systems serve parts of nine counties primarily in central and northeast Ohio. The acquisition increases Aqua Ohio's customer base by approximately 66 percent and adds approximately \$95 million in additional rate base. The transaction is expected to improve operating efficiency at Aqua Ohio as it spreads fixed costs over 57,280 more customers in that state, which should have a positive impact on future rates for customers.

In a separate agreement, Aqua America sold its seven New York water systems, which serve approximately 50,520 customers to American Water's New York subsidiary for approximately \$39 million in cash plus assumed debt of \$23 million. The New York systems had approximately \$46 million of rate base. The sale of Aqua America's New York operations will conclude its operations in that state.

The purchase prices for both the Ohio and New York transactions are subject to certain post-closing adjustments.

This is the latest of five successful transactions Aqua America has completed in a one-year period to grow and consolidate its customer base in fewer states, improving its operating efficiency, while pruning assets in areas that do not present those opportunities. Since May 2011, Aqua America has sold its Missouri operations to American Water; purchased American Water's Texas operations; and sold its Maine operations to Connecticut Water.

"This transaction is the latest and the largest of several acquisitions and purchases we have completed to transform the company by maximizing efficiencies and concentrating our efforts in states where we have critical mass," said Aqua America Chairman and CEO Nicholas DeBenedictis. "Additionally, Ohio and Texas are energy-rich states with growth opportunities for the water-energy nexus that could have a positive impact on the future of our company."

DeBenedictis said the company is prepared to take a responsible and active role in what is becoming the next energy boom in Ohio, Pennsylvania, Texas and some other states—natural gas drilling. "Shale drilling for natural gas is a very water-intensive business that can provide an economic boost well into the future if it's done right environmentally."

The acquisition of American Water's Ohio operations and the sale of its New York operations are consistent with Aqua America's strategy to concentrate its customer portfolio in states that demonstrate a positive regulatory environment, while leveraging greater economies of scale and customer growth opportunities. Priority is given to states that provide a regulatory opportunity for capital investment surcharges and consolidated rates, which help the company to maintain water quality and reliable service for its customers.

Aqua America is one of the largest U.S.-based, publicly-traded water utilities and serves almost 3 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, 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 size of the transactions, the effect of the acquisition of the Ohio operations and other transactions on the Company and the anticipated benefits of these transactions, the Company's strategy to focus its growth efforts in certain states, and the potential efficiencies from focusing on those states and potential business opportunities in those states. 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 discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is on file with the Securities

and Exchange Commission. Neither Aqua America nor American 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.

WTRF

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