



Aqua America Subsidiary Adds Another Water System in Luzerne County, Pennsylvania

BRYN MAWR, Pa., Aug 19, 2005 (BUSINESS WIRE) -- Aqua America, Inc.(NYSE:WTR) announced today that its subsidiary, Aqua Pennsylvania, Inc. (Aqua) has acquired the water system assets of Meadowcrest Water Company in Luzerne County. Aqua purchased the system, which serves approximately 1,100 residents in Kingston Township, for \$350,000.

The announcement comes on the heels of Aqua's acquisition of five Luzerne County utility systems last month from Wilbar Realty. In that transaction, Aqua acquired the water and wastewater systems for the Laurel Lakes development in Rice Township, as well as the water systems for the Forest Park community in Bear Creek Township, Penn Lake Park Borough, and the Saint Johns area in Butler Township.

"This is the perfect example of a tuck-in acquisition that we can quickly and efficiently integrate with our local operations to achieve economies of scale," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "Also, it creates opportunities to grow earnings through a return on investment in the local infrastructure, which provides long overdue improved service and water quality for customers."

"The Meadowcrest system is the linchpin of our plans to interconnect and consolidate a number of local water systems into one integrated water supply system," said Aqua Vice President and Regional General Manager Anthony J. Donatoni.

Donatoni said Aqua plans to invest nearly \$2.6 million to connect Meadowcrest with and upgrade neighboring water systems that serve the communities of Midway Manor, Harris Hill, Cedar Lane, Sunrise Estates, Windsor Farms and Maple Crest. The six neighboring systems, which Aqua acquired over the past two years, serve a total of approximately 2,100 residents. The project also calls for the installation of a new storage tank to enhance water pressure and service reliability for our local customers. Aqua expects to complete all of the improvements by the summer of 2006.

Donatoni noted that the entire \$2.6 million capital project will be financed with a low-interest loan from the Pennsylvania Infrastructure Investment Authority (PENNVEST). "The PENNVEST financing allows us to expand our capital program, because we can invest the savings in additional projects," he said. "And the lower interest expense helps to mitigate the amount of our rate requests, which also benefits Aqua's customers."

Aqua Pennsylvania is the largest subsidiary of Aqua America and provides water and wastewater service to approximately 1.3 million residents across Pennsylvania. Aqua America 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.

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