



Aqua America Records Best Year Ever In Number Of Acquisitions

Adds western PA water system as 2005 ends

BRYN MAWR, PA, January 4, 2006 – Aqua America Inc. (NYSE: WTR) reported today that acquisition activity in the fourth quarter brought in a total of eight water and wastewater systems. Over the course of 2005, Aqua America expanded its national footprint with a company record of 30 acquisitions, in addition to various new housing growth ventures.

The company acquired systems and added customers in North Carolina, New Jersey, Pennsylvania, Ohio, Texas and Illinois during the year. The 2005 total surpassed the company's previous record of 26 acquisitions in 2004.

"The momentum carried through the fourth quarter to help us achieve an annual all-time record number of acquisitions," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis. "We broadened our capabilities in the wastewater arena and added more 'tuck-in' water systems, which we can smoothly integrate into our operations network to capitalize on economies of scale. We plan to stay the course with our successful growth-through-acquisition strategy in 2006, keeping a steady pace with a goal of 25-to-30 new acquisitions."

In the final days of 2005, Aqua Pennsylvania, Inc. purchased the water system assets of the privately owned Oakland Beach Water Company, which serves approximately 2,000 residents in Sadsbury and Summit townships, Crawford County, marking the company's first entry into Crawford County. The \$750,000 transaction was completed with a combination of cash and Aqua stock. The system will be managed as part of Aqua Pennsylvania's Shenango Division, based in Sharon, which is approximately 30 miles from the newly acquired system.

In addition to this transaction, Aqua America subsidiaries closed the following purchases in the fourth quarter:

- December 2005 – Aqua North Carolina, Inc. acquired the wastewater system assets of Chatham Water Reclamation/Carolina Meadows residential development and nursing care facility in Chatham County, serving nearly 2,000 residents.
- November 2005 - Aqua North Carolina, Inc. acquired the wastewater system assets of Governor's Club residential development in Chatham County, North Carolina, which serves nearly 2,100 residents, with an additional 1,500 residents expected at build-out.
- November 2005 – Aqua New Jersey subsidiary acquired the water system assets of the Berkeley Water Company which serves nearly 12,000 residents in Berkely Township, Ocean County.
- October 2005 - Aqua Pennsylvania, Inc. purchased the water system assets of Garbush Water Company, which serves approximately 240 residents in Jackson Township, Luzerne County
- October 2005 - Aqua North Carolina, Inc. acquired the water system of the Northwoods residential development near Chapel Hill, Orange County, serving approximately 240 residents.
- October 2005 – Aqua Illinois Inc. purchased the water system assets of the Village of Philo, serving approximately 1,300 residents.
- October 2005 - Heater Utilities, Inc. acquired the water system assets of Community Water Works Inc. in Statesville, Iredell County, North Carolina, which serves nearly 240 residents.

Aqua America, Inc. is the largest U.S.-based publicly-traded water 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 pace of the Company's growth-through-acquisition strategy, projected investment in the acquired systems, the assimilation of the acquired systems, and economies of scale from the acquired systems. 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.

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